

**FINSOFT FINANCIAL INVESTMENT HOLDINGS LIMITED**  
**匯財金融投資控股有限公司\***  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 8018)**

**THIRD QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016**

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

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

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

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*This announcement, for which the directors (the “Directors”, each a “Director”) of Finsoft Financial Investment Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (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.*

\* for identification purpose only

## THIRD QUARTERLY RESULTS

The board of Directors (the “Board”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and nine months ended 30 September 2016, together with the unaudited comparative figures for the corresponding periods in 2015, as follows:

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2016

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Revenue	3	10,919,963	7,427,331	50,253,013	31,479,513
Cost of sales		(5,448,204)	(3,724,050)	(13,284,638)	(9,671,758)
Gross profit		5,471,759	3,703,281	36,968,375	21,807,755
Other income	4	168	283	41,970	49,002
Other gains and losses	4	–	–	1,700,536	(20,667)
Administrative expenses		(8,823,721)	(8,969,883)	(32,673,999)	(25,627,107)
Finance costs	5	(491,043)	(3,732,294)	(6,554,557)	(5,155,985)
Share of profit of an associate		243,723	–	1,717,583	–
Share of loss of a joint venture		(807,221)	–	(2,215,316)	–
Loss before tax	6	(4,406,335)	(8,998,613)	(1,015,408)	(8,947,002)
Income tax expense	7	(582,192)	(1,048,508)	(3,308,099)	(2,256,326)
<b>Loss and total comprehensive loss for the period</b>		<b>(4,988,527)</b>	<b>(10,047,121)</b>	<b>(4,323,507)</b>	<b>(11,203,328)</b>
<b>Loss and total comprehensive loss for the period attributable to:</b>					
Owners of the Company		(4,869,556)	(9,868,953)	(4,951,227)	(10,910,308)
Non-controlling interests		(118,971)	(178,168)	627,720	(293,020)
		<b>(4,988,527)</b>	<b>(10,047,121)</b>	<b>(4,323,507)</b>	<b>(11,203,328)</b>
			(Restated)		(Restated)
<b>Loss per share</b>					
– Basic and diluted (HK cents per share)	9	<b>(0.635)</b>	(2.465)	<b>(0.822)</b>	(2.725)

## 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 and its shares have been listed on the GEM of the Stock Exchange since 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 Unit No. 2616, 26/F, The Metropolis Tower, No.10 Metropolis Drive, Hungghom, Kowloon, Hong Kong with effect from 21 September 2016.

The Company, an investment holding company, and its subsidiaries are principally engaged in the provision of financial trading software solutions, provision of other internet financial platforms, provision of referral services, money lending business, assets investments, provision of corporate finance advisory services, provision of property management and property agency services and provision of design and fitting-out services in Hong Kong.

The unaudited condensed consolidated results of the Group 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 profit or loss and other comprehensive income of the Group for the three months and nine months ended 30 September 2016 has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and the Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

The unaudited condensed consolidated statement of profit or loss and other comprehensive income has been prepared on the historical cost basis, except for certain financial instruments and investment properties 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 of the Group for the three months and nine months ended 30 September 2016 were consistent with those applied in the annual financial statements of the Group for the year ended 31 December 2015, except in relation to the adoption of 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 2016. The adoption of these New and Revised HKFRSs in the current period has had no material impact on the results of the Group for the current and prior periods. The Group has not early applied the New and Revised HKFRSs that have been issued but are not yet effective. The Group is in the process of making an assessment of the impact of the New and Revised HKFRSs upon initial application but is not yet in a position to state whether these New and Revised HKFRSs would have a significant impact 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 of the Group. 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.

### 3. REVENUE

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

	Three months ended 30 September		Nine months ended 30 September	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited) (Restated)	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited) (Restated)
Sales of hardware	159,018	122,316	729,820	752,920
Sales of technology software systems	30,000	1,769,200	3,136,300	3,663,602
System customisation and network support	1,513,133	1,380,133	4,775,282	5,052,021
Software maintenance services	2,415,038	2,352,438	7,107,377	6,978,591
Software licensing fee	5,969,659	4,529,528	17,084,136	12,504,527
Hosting and related services fee	873,374	606,243	2,691,368	1,707,336
Other internet financial platform services income	–	840,000	1,306,000	1,648,000
Interest income on loan financing	10,083	763,775	577,408	969,507
Referral services fee	625,000	–	1,875,000	501,989
Corporate finance advisory and related services fee	–	333,544	330,000	802,000
Net fair value loss on financial assets				
at fair value through profit or loss	(3,296,160)	(5,490,920)	(3,602,431)	(3,380,974)
Dividend income from listed equity securities	–	221,074	90,000	279,994
Rental income	244,400	–	602,400	–
Property management service income and agency commission income	229,555	–	11,403,490	–
Design and fitting-out services income	2,146,863	–	2,146,863	–
	<u>10,919,963</u>	<u>7,427,331</u>	<u>50,253,013</u>	<u>31,479,513</u>

### 4. OTHER INCOME, AND OTHER GAINS AND LOSSES

	Three months ended 30 September		Nine months ended 30 September	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
<b>Other income:</b>				
Interest income on bank deposits	168	33	3,826	45,997
Sundry income	–	250	38,144	3,005
	<u>168</u>	<u>283</u>	<u>41,970</u>	<u>49,002</u>
<b>Other gains and losses:</b>				
Gain on disposal of subsidiaries	–	–	2,179,864	–
Reversal of impairment losses on trade receivables	–	–	247,400	–
Impairment losses of available-for-sale investments	–	–	(3,335,060)	–
Gain on bargain purchase	–	–	8,958	–
Gain on disposal of available-for-sale investments, net	–	–	2,599,374	–
Loss on disposal of property, plant and equipment	–	–	–	(20,667)
	<u>–</u>	<u>–</u>	<u>1,700,536</u>	<u>(20,667)</u>

## 5. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Interest expense on loan notes	480,048	3,731,838	6,540,946	5,155,529
Interest expense on a revolving loan	10,695	–	10,695	–
Other interest expenses	300	456	2,916	456
	<u>491,043</u>	<u>3,732,294</u>	<u>6,554,557</u>	<u>5,155,985</u>

## 6. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	Three months ended 30 September		Nine months ended 30 September	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Amortisation of intangible assets ( <i>note 1</i> )	542,535	234,192	4,559,604	533,962
Depreciation of property, plant and equipment	348,674	351,261	1,143,456	1,018,390
Operating lease payments in respect of rented premises	<u>900,856</u>	<u>1,122,708</u>	<u>2,951,060</u>	<u>3,261,320</u>
Employee benefits expense: ( <i>note 2</i> )				
Salaries and other benefits	5,868,975	7,057,084	21,460,084	18,942,665
Contributions to retirement benefits scheme	<u>218,387</u>	<u>222,977</u>	<u>692,819</u>	<u>639,409</u>
Total employee benefits expense, including directors' emoluments	6,087,362	7,280,061	22,152,903	19,582,074
Less: Amounts capitalised in development costs	<u>–</u>	<u>(385,050)</u>	<u>–</u>	<u>(955,153)</u>
	<u>6,087,362</u>	<u>6,895,011</u>	<u>22,152,903</u>	<u>18,626,921</u>

### Notes:

- During the nine months ended 30 September 2016, amortisation of intangible assets amounting to HK\$1,627,604 (nine months ended 30 September 2015: HK\$533,962) was included in cost of sales and amortisation of intangible assets amounting to HK\$2,932,000 (nine months ended 30 September 2015: Nil) was included in administrative expenses.
- During the nine months ended 30 September 2016, employee benefits expense amounting to HK\$6,357,839 (nine months ended 30 September 2015: HK\$6,110,605) was included in cost of sales and employee benefits expense amounting to HK\$15,795,064 (nine months ended 30 September 2015: HK\$12,516,316) was included in administrative expenses.

## 7. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	30 September		30 September	
	2016	2015	2016	2015
	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current – Hong Kong				
– Charge for the period	655,198	1,028,122	4,043,921	2,247,651
– Under provision in prior periods	16,512	25,828	16,512	25,828
Deferred	(89,518)	(5,442)	(752,334)	(17,153)
Total income tax recognised in profit or loss	<u>582,192</u>	<u>1,048,508</u>	<u>3,308,099</u>	<u>2,256,326</u>

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

During the nine months ended 30 September 2016, the share of tax attributable to an associate amounting to HK\$893,966 (nine months ended 30 September 2015: Nil) was included in “Share of profit of an associate”.

## 8. DIVIDEND

The Board does not recommend the payment of any dividend in respect of the nine months ended 30 September 2016 (nine months ended 30 September 2015: Nil).

## 9. LOSS PER SHARE

The calculation of the basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the periods.

	Three months ended		Nine months ended	
	30 September		30 September	
	2016	2015	2016	2015
	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Loss</b>				
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	<u>(4,869,556)</u>	<u>(9,868,953)</u>	<u>(4,951,227)</u>	<u>(10,910,308)</u>
	Three months ended		Nine months ended	
	30 September		30 September	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Restated)		(Restated)
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>766,956,522</u>	<u>400,410,678</u>	<u>602,294,998</u>	<u>400,410,678</u>

The basic loss per share amount for the three months and nine months ended 30 September 2015 have been adjusted to reflect the rights issue completed in May 2016 and the effect of consolidation of shares of the Company in April 2016.

The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares in issue during the three months and nine months ended 30 September 2016 and 30 September 2015.

## 10. 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	Capital reserve	Retained profits	Subtotal		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$		
At 1 January 2015 (Audited)	2,000,000	34,609,605	77,794	-	23,579,128	60,266,527	-	60,266,527
Loss and total comprehensive loss for the period (Unaudited)	-	-	-	-	(10,910,308)	(10,910,308)	(293,020)	(11,203,328)
Change in ownership interests in subsidiaries without change of control (Unaudited)	-	-	-	-	189,108	189,108	199,892	389,000
At 30 September 2015 (Unaudited)	<u>2,000,000</u>	<u>34,609,605</u>	<u>77,794</u>	<u>-</u>	<u>12,857,928</u>	<u>49,545,327</u>	<u>(93,128)</u>	<u>49,452,199</u>
At 1 January 2016 (Audited)	<u>2,000,000</u>	<u>34,609,605</u>	<u>77,794</u>	<u>-</u>	<u>7,872,660</u>	<u>44,560,059</u>	<u>1,213,884</u>	<u>45,773,943</u>
Loss and total comprehensive loss for the period (Unaudited)	-	-	-	-	(4,951,227)	(4,951,227)	627,720	(4,323,507)
Shares issued (Unaudited)	2,320,000	137,040,000	-	-	-	139,360,000	-	139,360,000
Shares issuing expenses (Unaudited)	-	(6,286,933)	-	-	-	(6,286,933)	-	(6,286,933)
Disposal of a subsidiary (Unaudited)	-	-	-	-	-	-	103,095	103,095
Capital contribution from non-controlling interests (Unaudited)	-	-	-	-	-	-	222,000	222,000
Change in ownership interests in subsidiaries without change of control (Unaudited)	-	-	-	66,987	-	66,987	3,433,013	3,500,000
At 30 September 2016 (Unaudited)	<u>4,320,000</u>	<u>165,362,672</u>	<u>77,794</u>	<u>66,987</u>	<u>2,921,433</u>	<u>172,748,886</u>	<u>5,599,712</u>	<u>178,348,598</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

During the nine months ended 30 September 2016 (the “Period”), 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, assets investments, provision of corporate finance advisory services, provision of property management and property agency services and provision of design and fitting-out services in Hong Kong.

### Financial Review

#### *Revenue*

Revenue of the Group for the Period was approximately HK\$50,253,000 (nine months ended 30 September 2015: approximately HK\$31,480,000), representing an increase of approximately HK\$18,774,000 or 59.64% as compared with that of the corresponding period in 2015. The increase in revenue was mainly due to the combined effect of (i) the increase in revenue of approximately HK\$4,865,000 from the financial trading software solutions business; (ii) the revenue of approximately HK\$11,403,000 contributed by the property management and property agency services business which was acquired by the Group in December 2015; and (iii) the revenue of approximately HK\$2,147,000 contributed by the design and fitting-out services business which was newly set up by the Group in July 2016.

#### *Gross Profit and Gross Profit Margin*

Gross profit of the Group for the Period was approximately HK\$36,968,000 (nine months ended 30 September 2015: approximately HK\$21,808,000), representing an increase of approximately HK\$15,161,000 or 69.52% as compared with that of the corresponding period in 2015. Gross profit margin of the Group for the Period was approximately 73.56% (nine months ended 30 September 2015: approximately 69.28%).

#### *Administrative Expenses*

The Group’s administrative expenses for the Period amounted to approximately HK\$32,674,000 (nine months ended 30 September 2015: approximately HK\$25,627,000), representing an increase of approximately HK\$7,047,000 or 27.50% as compared with that of the corresponding period in 2015. The significant increase was primarily attributable to the combined effect of (i) the increase in administrative staff costs of approximately HK\$3,279,000 due to the expansion of the Group’s business; and (ii) the increase in amortisation costs of HK\$2,932,000 due to the increase in intangible assets resulting from the acquired property management and property agency services business, during the Period.



## ***Loss for the Period***

The Group incurred a net loss of approximately HK\$4,324,000 for the Period. As compared with the net loss of approximately HK\$11,203,000 for the nine months ended 30 September 2015, the loss for the Period has substantially narrowed. The improvement in financial performance is mainly attributable to the combined effect of (i) the increase in revenue in the Period mainly contributed by the business segments of property management and property agency services which was acquired by the Group in December 2015, and provision of financial trading software solutions; and (ii) the share of profit of an associate of approximately HK\$1,718,000.

## **Business Review**

### ***Provision of Financial Trading Software Solutions***

There is a steady growth in segment revenue from external customers to approximately HK\$35,524,000 for the Period (nine months ended 30 September 2015: approximately HK\$30,659,000), representing an increase of approximately HK\$4,865,000 or 15.87%. During the Period, the core operating subsidiary in this business division, namely iAsia Online Systems Limited (“iAsia”), had successfully concluded contracts with several new customers. Among the concluded contracts with new customers, four contracts of leasing software systems are expected to be completed in the late 2016. Recurring licensing fee is expected to maintain a steady growth.

Thanks to the approval in principle on the establishment of mutual stock market access between Shenzhen and Hong Kong (“Shenzhen-Hong Kong Stock Connect”) by the China Securities Regulatory Commission and the Securities and Futures Commission, several contracts had been concluded with customers for the enhancement of system interface and infrastructure for trading with an additional market. The official launch of Shenzhen-Hong Kong Stock Connect is expected to bring remarkable contribution to one-off revenue of the Group.

In addition, iAsia also introduced the Middle Office system (IMOS) to the market during the Period. The target customers of IMOS are financial institutions, including brokers and local banks. IMOS allows retail investors of our customers to view the activities/action of their investing companies/securities. With such interface, such retail investors can manage their investment accounts and submit their trading and other instructions (such as deposit funds instructions) electronically. As all online instructions are confirmed by the retail investors directly, it can reduce human error and thereby reducing our customer’s operational risk. In the future, iAsia will implement other modules to IMOS to reduce the back office operation and management burden of our customers.

By focusing on the development and consolidation of its technical strength, the Group will continue to explore new business opportunities and income streams from both existing and potential customers.

### ***Provision of Other Internet Financial Platforms***

During the Period, the other internet financial platforms business division contributed a segment revenue of HK\$1,306,000 (nine months ended 30 September 2015: HK\$1,648,000) from its financial platforms which were operated in Hong Kong, representing a decrease of HK\$342,000 or 20.75%.

By capturing more business opportunities in different spectrums, the Group will work at its best to develop other internet financial platforms in order to generate more income and enlarge its customer base in the future.

### ***Provision of Corporate Finance Advisory Services and Referral Services***

During the Period, this business division contributed segment revenue from its external customers of HK\$2,205,000 (nine months ended 30 September 2015: approximately HK\$1,304,000), representing an increase of approximately HK\$901,000 or 69.10%, which was mainly contributed by the revenue generated from the referral business.

In view of the unsatisfactory operating results of the corporate finance advisory business in the previous years, the Group intends to dispose of its corporate finance business. On 13 October 2016, the Group and an independent third party purchaser entered into a sale and purchase agreement pursuant to which the Group conditionally agreed to dispose of 5,000,000 ordinary shares of Finsoft Corporate Finance Limited (“FCFL”), representing the entire issued shares of FCFL at the consideration of HK\$2,300,000, subject to adjustment according to the sale and purchase agreement. FCFL is principally engaged in the business of providing corporate finance advisory services in Hong Kong and holds the licence to carry on Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”) and completion of the sale and purchase is subject to, among other things, the approval from the Securities and Futures Commission of Hong Kong in relation to the change of substantial shareholder of FCFL. As at the date of this announcement, the transaction has not yet completed.

### ***Money Lending Business***

During the Period, revenue derived from the money lending business division amounted to approximately HK\$577,000 (nine months ended 30 September 2015: approximately HK\$970,000), representing a decrease of approximately HK\$392,000 or 40.44%. The drop is mainly due to the decrease in the number of loans granted to customers. The interest rate charged to customers during the Period ranged from 8.0% to 10.0% per annum. No default event occurred as of the date of this announcement and no provision for the impairment of loan receivables was considered necessary during the Period.

The Group will continue to uphold cautious credit control procedures and strategies to maintain a balance between business growth and risk management while developing its money lending business.

### ***Assets Investments***

The Group’s assets investments business mainly consisted of investments in properties and securities.

**(i) Properties Investment**

*Acquisition of China Universal Limited (“China Universal”):*

On 7 March 2016, a subsidiary of the Company, and Colorful Focus Limited (“Colorful Focus”) entered into a sale and purchase agreement, pursuant to which the Group conditionally agreed to purchase and Colorful Focus conditionally agreed to sell the entire issued shares of China Universal at the consideration of HK\$25,900,000. The acquisition of China Universal was completed on 16 March 2016. The principal assets of China Universal were two retail shops and one private residence located in the residential area of Siu Sai Wan and Tai Koo Shing, Hong Kong. During the Period, rental income of approximately HK\$602,000 was generated.

*Disposal of an investment property:*

On 15 August 2016, China Universal and an independent third party purchaser entered into a provisional sale and purchase agreement, pursuant to which China Universal agreed to sell the private residence located in Tai Koo Shing, Hong Kong at a consideration of HK\$8,312,000, completion of which took place on 14 October 2016. The management believes that the disposal represents a good opportunity for the Group to realise its investment in the property with a view to enhancing the Group’s cash position.

In the future, it is expected that the portfolio of the Group’s property investment will generate stable recurring income and cash flow to the Group.

**(ii) Securities Investment**

The Group’s securities investment portfolio comprised investments in listed securities, which are held for trading purposes. The Group continues to adopt a conservative investment approach in trading of listed securities in the Hong Kong stock market. During the Period, a net fair value loss on financial assets at fair value through profit or loss of approximately HK\$3,602,000 (nine months ended 30 September 2015: approximately HK\$3,381,000) was recognised from the securities investments. The net fair value losses were due to the volatile market conditions during the Period.

*Proposed acquisition of listed shares and issue of new shares under specific mandate:*

On 27 September 2016, the Company and Perfect Growth Limited (“Perfect Growth”) entered into a sale and purchase agreement, pursuant to which the Company has conditionally agreed to purchase and Perfect Growth has conditionally agreed to sell 16,538,000 ordinary shares of China Parenting Network Holdings Limited, the issued shares of which are listed on GEM (Stock Code: 8361) at the consideration of HK\$35,498,817, which would be satisfied by the allotment and issue of 186,492,340 ordinary shares by the Company (“Consideration Shares”) at the issue price of approximately HK\$0.190 per Consideration Share, credited as fully paid, to Perfect Growth at completion. China Parenting Network Holdings Limited and its subsidiaries operates an online platform focusing on the CBM (children, babies, and maternity) market in the People’s Republic of China and are mainly engaged in (i) provision of marketing and promotional service; and (ii) e-commerce business.

As at the date of this announcement, the acquisition has not yet completed. Details of the above transaction are set out in the Company’s announcement dated 27 September 2016.

### ***Provision of Property Management and Property Agency Services, and Design and Fitting-out Services***

The provision of property management and property agency services contributed revenue of approximately HK\$11,403,000 (nine months ended 30 September 2015: Nil) to the Group, mainly consisted of approximately HK\$10,721,000 from the property agency services rendered during the Period.

In July 2016, the Group started to engage in the provision of design and fitting-out services in Hong Kong through its 51%-owned subsidiary. As at 30 September 2016, there were five on-going projects of design and fitting-out, which contributed revenue of approximately HK\$2,147,000 to the Group. In the future, the Group will actively look for business opportunities and seek for new customers and new projects to strengthen its customer and revenue bases.

### ***Other Investments***

The Group had also involved in the following investments: (i) available-for-sale investments; (ii) investment in an associate; and (iii) investment in a joint venture.

#### ***(i) Available-for-sale Investments***

As at 30 September 2016, the Group held (i) two unlisted fund investments (the “Funds”) (year ended 31 December 2015: three) which are private equity funds incorporated in the Cayman Islands with carrying value of approximately HK\$8.66 million; and (ii) two unlisted equity investments with carrying value of HK\$25.52 million. The Funds are limited by shares and are managed by their respective fund managers, which mainly invests in the field of multi-media, social media and internet related business. The unlisted equity investments mainly consisted of the 5% interest in C&C International Healthcare Group Limited (“C&C”) acquired by the Group at the consideration of HK\$24,271,000 in July 2016. C&C and its group companies (“C&C Group”) are principally engaged in the provision of contracted medical schemes (“Schemes”) for integrated medical and healthcare check-up services. The customers of the C&C Group are corporate clients, which have engaged the C&C Group to provide the Schemes mainly in Hong Kong so as to allow the employees of such corporate clients to seek medical and healthcare services offered by the network of the C&C Group. As at the date of this announcement, the C&C Group had a network of over 700 specialist and general practitioner doctors for providing medical and healthcare services under the Schemes. All available-for-sale investments are measured at cost less impairment at the end of the reporting period.

**(ii) Investment in an Associate – Four Directions Investment Limited (“FDIL”)**

As at 30 September 2016, the Group held approximately 27.69% of the issued shares of FDIL. Through the investment in FDIL and its subsidiaries which are principally engaged in providing services in relation to information technology, smartphone applications development and digital marketing and the development of information technology applications, the Group is able to expand and diversify its investment into information technology industry in respect of development of smartphone applications, which the Directors consider to have great market potentials. During the Period, the profit of associate shared by the Group amounted to approximately HK\$1,718,000.

**(iii) Investment in a Joint Venture – Sky View Investment Limited (“Sky View”)**

As at 30 September 2016, the Group held 49% interest in Sky View, which is the holding company of 22% interests in Rolaner International Limited (“Rolaner”) acquired under the Rolaner Subscription Agreement (as defined below).

Pursuant to an agreement dated 20 February 2016 entered into by Sky View, Rolaner, Ace Choice Ventures Limited, Legend Cosmo Consultants Limited, Mr. Ren Lingfeng, Mr. Chen Rong, 榮浪信息科技(上海)有限公司 (unofficial English name being Rong Lang Information Technology (Shanghai) Co., Limited) and 羅朗網絡科技(上海)有限公司 (unofficial English name being Luo Lang Internet Technology (Shanghai) Co., Limited) (“Rolaner Subscription Agreement”), Sky View had subscribed for 22,000,000 preferred shares in the share capital of Rolaner at the price of US\$10,000,000. Completion of the Rolaner Subscription Agreement took place on 18 March 2016.

The management believes that the transactions contemplated under the Sky View Subscription Agreement has introduced a strategic partner to invest in Rolaner, which is operating a mobile application “Mei Li Shen Qi (美麗神器)”, one of the largest online communities and e-commerce platforms with millions of users for medical beauty industry in the People’s Republic of China, in which the management considers to have great market potentials. During the Period, the loss of joint venture shared by the Group amounted to approximately HK\$2,215,000.

As at the date of this announcement, save as the foregoing major acquisitions and disposals, the Group did 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 prepare implementation plans to consider whether it is beneficial to the Company and its shareholders as a whole.

## **CAPITAL STRUCTURE**

### **Placing of New Shares in January 2016 Under General Mandate**

On 14 January 2016, the Company and Convoy Securities Limited (as placing agent) entered into a conditional placing agreement (“800M Placing Agreement”), pursuant to which the Company had conditionally agreed to place through the placing agent, on a best effort basis, up to 800,000,000 new ordinary shares of par value of HK\$0.0005 each in the share capital of the Company (“January Placing Share(s)”), to not less than six placees who and whose ultimate beneficial owners were third parties independent of and not connected with the Company and any of its connected persons or their respective associates, at a price of HK\$0.05 per January Placing Share (“800M Placing”). The January Placing Shares were allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 5 May 2015. The nominal value of the January Placing Shares was HK\$400,000 and the net issue price was HK\$0.048 per January Placing Share. The closing price of the ordinary shares of the Company on the date of the 800M Placing Agreement was HK\$0.059 per share. On 27 January 2016, completion of the 800M Placing took place in accordance with the terms and conditions of the 800M Placing Agreement. Immediately after completion of the 800M Placing, an aggregate of 800,000,000 January Placing Shares, representing approximately 16.7% of the then issued share capital of the Company (as enlarged by the allotment and issue of the January Placing Shares), have been successfully placed to not less than six placees. The Company received net proceeds of approximately HK\$38.4 million from the 800M Placing. The Directors were of the view that the 800M Placing represented good opportunities to broaden the shareholders’ base and raise additional funds at a reasonable cost for itself. Up to the date of this announcement, the entire net proceeds has been utilised as to (i) HK\$25.9 million had been used for the payment of the total consideration for the acquisition of China Universal; (ii) approximately HK\$2.5 million had been used for the settlement of interest incurred on the Loan Notes; (iii) approximately HK\$8.5 million had been used for the subscription of 390 Sky View Shares; and (iv) the remaining had been used for the general working capital of the Group.

## **Share Consolidation and Change of Board Lot Size**

On 3 March 2016, the Board proposed that every ten existing shares (“Old Shares”) of HK\$0.0005 each in the issued and unissued share capital of the Company be consolidated into one consolidated share (“Share(s)”) of HK\$0.005 each in the issued and unissued share capital of the Company (“2016 Share Consolidation”). The 2016 Share Consolidation had been approved by the shareholders of the Company at the extraordinary general meeting on 18 April 2016 and became effective on 19 April 2016, upon which the issued share capital of the Company was HK\$2,400,000 divided into 480,000,000 Shares of HK\$0.005 each. The board lot size of the Shares was changed from 5,000 Old Shares to 10,000 Shares upon the 2016 Share Consolidation taking effect. Details of the 2016 Share Consolidation and change of board lot size are set out in the Company’s announcements dated 3 March 2016, 18 March 2016, 18 April 2016 and the Company’s circular dated 24 March 2016.

## **Rights Issue**

On 24 March 2016, the Company proposed to issue, by way of rights, on the basis of one rights share (“Rights Share”) for every two Shares in issue held on the record date (i.e. 28 April 2016) at the subscription price of HK\$0.324 per Rights Share (“Rights Issue”).

The Company intended to apply the net proceeds from the Rights Issue for the early redemption of the Loan Notes and the payment of the interests accrued thereon. As at 25 April 2016 (being the latest practicable date to the issue of the prospectus in connection with the Rights Issue), the Company had already received notices from holders of the Loan Notes to redeem the Loan Notes in an aggregate principal amount of HK\$4.9 million, which shall be redeemed by the Company in May or June 2016. The Directors considered that it was prudent and reasonable to conduct the Rights Issue. On the other hand, the Directors considered that it was in the interest of the Company to early redeem the Loan Notes which bears interests at the rate of 10% per annum. The Directors considered that it was prudent to finance the Group’s long term growth by way of the Rights Issue which would enhance its financial position without increasing finance costs, and that the Rights Issue would provide existing shareholders the opportunity to participate in the equity financing exercise on a fair and pro rata basis and lessen the dilution impact brought about by a placing.

Completion of the Rights Issue took place on 24 May 2016, where an aggregate of 240,000,000 Rights Shares, representing approximately 33.33% of the then issued share capital of the Company (as enlarged by the allotment and issue of the Rights Shares), have been issued. The aggregate nominal amount of the Rights Shares was HK\$1,200,000.

The Company received net proceeds of approximately HK\$74 million from the Rights Issue. Up to the date of this announcement, the entire net proceeds has been utilised for the early redemption of a part of the Loan Notes and the payment of the interest accrued thereon as intended.

## **Placing of New Shares in September 2016 Under General Mandate**

On 22 August 2016, the Company and Astrum Capital Management Limited (as placing agent) entered into a conditional placing agreement (“144M Placing Agreement”), pursuant to which the Company had conditionally agreed to place through the placing agent, on a best effort basis, up to 144,000,000 new ordinary shares of par value of HK\$0.005 each in the share capital of the Company (“September Placing Share(s)”), to not less than six placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and any of its connected persons or their respective associates, at a price of HK\$0.15 per September Placing Share (“144M Placing”). The September Placing Shares were allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 22 June 2016. The nominal value of the September Placing Shares was HK\$720,000 and the net issue price was HK\$0.144 per September Placing Share. The closing price of the ordinary shares of the Company on the date of the 144M Placing Agreement was HK\$0.177 per share. On 1 September 2016, completion of the 144M Placing took place in accordance with the terms and conditions of the 144M Placing Agreement. Immediately after completion of the 144M Placing, an aggregate of 144,000,000 September Placing Shares, representing approximately 16.7% of the then issued share capital of the Company (as enlarged by the allotment and issue of the September Placing Shares), have been successfully placed to not less than six placees. The Company received net proceeds of approximately HK\$20.7 million from the 144M Placing. The Directors were of the view that the 144M Placing represented good opportunities to broaden the shareholders’ base and raise additional funds at a reasonable cost for itself. Up to the date of this announcement, part of net proceeds of approximately HK\$19.2 million had been used for the settlement of the early redemption of the remaining Loan Notes and the payment of the interest accrued thereon as intended.

## **Outlook**

Technology is advancing at a tremendous pace and dependence of internet in all aspects continues to rise. Using technologies such as online trading and finance maximises operating efficiency, and has become more popular than ever, thus providing more business opportunities for the Group.

iAsia, the Group’s subsidiary and the trading solution pioneer in the market, continues to actively develop the Group’s core business. Leveraging years of experience and professional knowledge in the financial sectors in Hong Kong, the Group was able to swiftly react to the market changes by innovative trading solution inventions. As the long-awaited Shenzhen-Hong Kong Stock Connect is likely to be launched in the end of 2016, it will serve as a ground-breaking initiative for iAsia and the Group is financially prepared and committed to enriching our product portfolio for further business development.



In consideration of a volatile equity market and the global financial recession, the Directors believe diversification of the Group's business divisions can safeguard a stable growth of the Group. Great potential of smartphone application development emerges from people's pursuit of efficiency, which the Directors consider to be one of the growth engine in the foreseeable future. The Group believes that the e-commerce platform business model will be sustainable in long run and has potential prospect in the Asian market. Therefore, the Group will continue to devote in mobile application development business through investments in potential business and provide financial or I.T. related platforms to attract potential customers.

Looking ahead, the Group will continue to strike for sustainable growth through implementation of strict risk control policies to improve its internal control and risk management capabilities. Meanwhile, the Group will keep on reviewing the performance of each of its business segments, extend its business opportunities and enhance its competitive edge.

## OTHER INFORMATION

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

As at 30 September 2016, 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 were recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules.

### 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 2016, the following persons, other than a Director or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholder	Nature of interest	Number of shares	Approximate percentage of shareholding
Luster Wealth Limited ( <i>note 1</i> )	Beneficial owner	116,411,250	13.47%
Woodstock Management Limited ( <i>note 1</i> )	Interest in controlled corporation	116,411,250	13.47%
Mr. Chan Sek Keung, Ringo ( <i>note 1</i> )	Interest in controlled corporations	116,411,250	13.47%

<b>Name of shareholder</b>	<b>Nature of interest</b>	<b>Number of shares</b>	<b>Approximate percentage of shareholding</b>
Ever Robust Holdings Limited <i>(note 2)</i>	Beneficial owner	136,800,000	15.83%
Whole Kind Investments Limited <i>(note 2)</i>	Interest in controlled corporation	136,800,000	15.83%
Interactive Entertainment China Cultural Technology Investments Limited <i>(note 2)</i>	Interest in controlled corporation	136,800,000	15.83%

*Notes:*

1. These 116,411,250 Shares are held by Luster Wealth Limited. Mr. Chan Sek Keung, Ringo (“Mr. Chan”), beneficially owns 100% of the issued share capital of Woodstock Management Limited, which in turn owns approximately 89.87% of the issued share capital of Luster Wealth Limited. Therefore, each of Woodstock Management Limited and Mr. Chan is deemed, or taken to be, interested in all the Shares held by Luster Wealth for the purpose of the SFO.
2. These 136,800,000 shares are held by Ever Robust Holdings Limited, which is wholly-owned by Whole Kind Investments Limited, which is in turn wholly-owned by Interactive Entertainment China Cultural Technology Investments Limited. By virtue of the SFO, each of Whole Kind Investments Limited and Interactive Entertainment China Cultural Technology Investments Limited is deemed, or taken to be, interested in all the shares held by Ever Robust Holdings Limited.

Save as disclosed above, as at 30 September 2016, the Directors were not aware of any other persons (not being a Director or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

### **Purchase, Sale or Redemption of the Company’s Listed Securities**

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

### **Directors’ Securities Transactions**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they 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. No incident of non-compliance was noted by the Company during the Period.

## **Corporate Governance**

During the Period, the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code (“CG Code”) 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 (resigned on 26 August 2016) followed by Mr. Ng Wing Cheong Stephen (appointed on 26 August 2016) 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 2016, none of the Directors and their respective close associates (as defined in the GEM Listing Rules) 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 or had any other conflicts of interest with the Group. As at 30 September 2016, the Company did not have any controlling shareholder.

## **Change of Directors and Composition of Board Committees**

At the annual general meeting of the Company held on 22 June 2016 (“2016 AGM”), Mr. Lawrence Tang (“Mr. Tang”) did not offer himself for re-election due to his other commitments which required more of his time and retired as an executive Director upon conclusion of the 2016 AGM (“Retirement”). Following the Retirement, Mr. Tang also resigned as (i) one of the authorised representatives of the Company (“Authorised Representative”) (for the purpose of Rule 5.24 of the GEM Listing Rules); (ii) the authorised representative of the Company (“Process Agent”) (for the purpose of accepting service of process and notices on behalf of the Company in Hong Kong under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)); and (iii) a member of the compliance committee of the Board (“Compliance Committee”) with effect from 22 June 2016. With effect from 22 June 2016, Ms. Wong Kei Lam, the company secretary of the Company, was appointed as an Authorised Representative and the Process Agent.

With effect from 23 June 2016, (i) Ms. Lin Ting (“Ms. Lin”) and Ms. Lam Ching Yee (“Ms. Lam”) were appointed as executive Directors; and (ii) the Compliance Committee has been re-constituted with Ms. Lam appointed as the chairman and Mr. Li Hoi Kong (“Mr. Li”), a former executive Director, as a member.

With effect from 26 August 2016, Mr. Chan resigned as (i) the non-executive Director and the Chairman of the Board, and (ii) the chairman of the nomination committee of the Board (“Nomination Committee”). With effect from 26 August 2016, Mr. Ng Wing Cheong Stephen was appointed as (i) the non-executive Director and the Chairman of the Board, and (ii) the chairman of the Nomination Committee.

With effect from 21 September 2016, Mr. Li resigned as (i) an executive Director; (ii) an Authorised Representative; (iii) the compliance officer of the Company (“Compliance Officer”); and (iv) a member of each of the remuneration committee of the Board (“Remuneration Committee”) and Compliance Committee. With effect from 21 September 2016, Ms. Lam was appointed as (i) an Authorised Representative; (ii) the Compliance Officer; and (iii) a member of the Remuneration Committee, and Ms. Lin was appointed as a member of the Compliance Committee.

Details of the above changes are set out in the Company’s announcements dated 22 June 2016, 23 June 2016, 26 August 2016 and 21 September 2016.

### **Change of Auditor**

With effect from 28 October 2016, HLB Hodgson Impey Cheng Limited (“HLB”) has resigned as the auditor of the Company because the Company and HLB could not reach a mutual agreement in respect of the audit fee for the financial year ending 31 December 2016. Following the resignation of HLB, PKF Hong Kong has been appointed as the new auditor of the Company.

### **Audit Committee**

The Company established the audit committee (“Audit Committee”) on 10 September 2013 with written terms of reference posted on the websites of the GEM of the Stock Exchange and of the Company. Such written terms of reference were revised and adopted by the Board on 29 December 2015 in accordance with the revised Corporate Governance Code of the GEM Listing Rules taking effect on 1 January 2016. The primary duties of the Audit Committee are, among other matters, to review the Company’s financial information and monitor the Company’s financial reporting system, risk management and internal control systems. As at the date of this announcement, the chairman of the Audit Committee is Mr. Lam Kai Yeung and other members include Ms. Lee Kwun Ling, May Jean and Mr. Yuen Shiu Wai, all being independent non-executive Directors.

The unaudited condensed consolidated results of the Group 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.

On behalf of the Board  
**Finsoft Financial Investment Holdings Limited**  
**Mr. Ng Wing Cheong Stephen**  
*Chairman*

Hong Kong, 9 November 2016

*As at the date of this announcement, the Board consists of Ms. Lin Ting and Ms. Lam Ching Yee being the executive Directors, Mr. Ng Wing Cheong Stephen being the non-executive Director and Chairman of the Board, and Ms. Lee Kwun Ling, May Jean, Mr. Yuen Shiu Wai and Mr. Lam Kai Yeung 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](http://www.hkgem.com) for at least 7 days from the date of its publication and on the website of the Company at [www.finsofthk.com](http://www.finsofthk.com).*