

FINSOFT CORPORATION

匯財軟件公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8018)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

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

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

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

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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.

ANNUAL RESULTS

The board of Directors (the “Board”) of the Company are pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2013, together with the comparative figures for the year ended 31 December 2012, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	<i>Notes</i>	2013 HK\$	2012 HK\$
Revenue	3	33,155,156	33,626,811
Cost of sales		(9,243,624)	(11,000,898)
Gross profit		23,911,532	22,625,913
Investment and other income	5	66,245	482,908
Other gains and losses	6	167,493	172,540
Administrative expenses		(14,634,007)	(9,364,355)
Share of losses of an associate		(1,443)	–
Listing expenses		(8,063,496)	(789,000)
Profit before tax		1,446,324	13,128,006
Income tax expense	7	(2,017,820)	(1,908,778)
(Loss)/profit for the year	8	(571,496)	11,219,228
Other comprehensive income, net of income tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net fair value gain on available-for-sale financial assets		–	77,597
Reclassification adjustments relating to available-for-sale financial assets disposed of during the year		–	(69,817)
Other comprehensive income for the year, net of income tax		–	7,780
Total comprehensive (expense)/income for the year		(571,496)	11,227,008
(Loss)/profit for the year attributable to:			
Owners of the Company		(570,290)	11,218,828
Non-controlling interests		(1,206)	400
		(571,496)	11,219,228
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		(570,290)	11,226,608
Non-controlling interests		(1,206)	400
		(571,496)	11,227,008
(Loss)/earnings per share			
– Basic and diluted (HK cents per share)	10	(0.35)	7.48

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	<i>Notes</i>	2013 HK\$	2012 HK\$
Non-current assets			
Property, plant and equipment		786,803	391,313
Goodwill		917,976	–
Intangible assets		2,918,086	1,141,905
Investment in an associate		1,557	–
Available-for-sale investments		<u>–</u>	<u>–</u>
		4,624,422	1,533,218
Current assets			
Trade and other receivables	12	8,693,549	5,163,551
Current tax assets		647,177	–
Cash and bank balances		48,190,199	19,519,257
		<u>57,530,925</u>	<u>24,682,808</u>
Current liabilities			
Other payables	13	12,655,951	13,277,016
Current tax liabilities		<u>–</u>	<u>28,286</u>
		12,655,951	13,305,302
Net current assets		<u>44,874,974</u>	<u>11,377,506</u>
Total assets less current liabilities		<u>49,499,396</u>	<u>12,910,724</u>
Non-current liabilities			
Deferred tax liabilities		<u>551,824</u>	<u>–</u>
Net assets		<u>48,947,572</u>	<u>12,910,724</u>
Capital and reserves			
Share capital	14	2,000,000	77,894
Reserves		46,947,572	12,830,463
		<u>48,947,572</u>	<u>12,908,357</u>
Equity attributable to owners of the Company		48,947,572	12,908,357
Non-controlling interests		<u>–</u>	<u>2,367</u>
Total equity		<u>48,947,572</u>	<u>12,910,724</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Attributable to owners of the Company					Attributable to non-controlling interests		Total
	Share capital HK\$ (Note 14)	Share premium HK\$	Merger reserve HK\$	Investments revaluation reserve HK\$	Retained profits HK\$	Subtotal HK\$	HK\$	
Balance at 1 January 2012	78	–	–	(7,780)	5,211,635	5,203,933	1,967	5,205,900
Profit for the year	–	–	–	–	11,218,828	11,218,828	400	11,219,228
Other comprehensive income for the year	–	–	–	7,780	–	7,780	–	7,780
Total comprehensive income for the year	–	–	–	7,780	11,218,828	11,226,608	400	11,227,008
Issue of shares of subsidiaries	77,816	–	–	–	–	77,816	–	77,816
Dividends recognised as distribution (Note 9)	–	–	–	–	(3,600,000)	(3,600,000)	–	(3,600,000)
Balance at 31 December 2012	77,894	–	–	–	12,830,463	12,908,357	2,367	12,910,724
Loss for the year	–	–	–	–	(570,290)	(570,290)	(1,206)	(571,496)
Other comprehensive income for the year	–	–	–	–	–	–	–	–
Total comprehensive expense for the year	–	–	–	–	(570,290)	(570,290)	(1,206)	(571,496)
Deregistration of a subsidiary (Note)	–	–	–	–	–	–	(1,161)	(1,161)
Reorganisation (Note 14)	(77,794)	–	77,794	–	–	–	–	–
Capitalisation issue (Note 14)	1,499,900	(1,499,900)	–	–	–	–	–	–
Issue of shares by placing (Note 14)	500,000	40,500,000	–	–	–	41,000,000	–	41,000,000
Transaction costs attributable to issue of shares	–	(4,390,495)	–	–	–	(4,390,495)	–	(4,390,495)
Balance at 31 December 2013	<u>2,000,000</u>	<u>34,609,605</u>	<u>77,794</u>	<u>–</u>	<u>12,260,173</u>	<u>48,947,572</u>	<u>–</u>	<u>48,947,572</u>

Note:

iAsia Online Systems Limited, a wholly-owned subsidiary of the Company, held 96% equity interest of iAsia Online Systems (Macau) Limited, a company incorporated in Macau with limited liability. On 14 January 2013, iAsia Online Systems (Macau) Limited was deregistered according to the applicable Macau laws and regulations and was accordingly dissolved on deregistration.

Notes:

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

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 with effect from 26 September 2013. Its immediate holding company is Luster Wealth Limited, a company incorporated in the British Virgin Islands (the “BVI”) and its ultimate holding company is Woodstock Management Limited, a company incorporated in the BVI and wholly-owned by Mr. Chan Sek Keung, Ringo (“Mr. Chan”), the controlling shareholder of the Company.

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 Company is an investment holding company. The Group is principally engaged in the development, sale and provision of financial trading software solutions with the principal products being trading and settlement systems of financial products for financial institutions and provision of referral services to source, identify and refer prospective deal opportunities to interested parties.

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company’s shares on the GEM of the Stock Exchange (the “Reorganisation”), the group entities were under the control of Mr. Chan. Through the Reorganisation, the Company became the holding company of the companies now comprising the Group on 28 August 2013. Accordingly, for the purpose of the preparation of the consolidated financial statements of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the years presented. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of Mr. Chan prior to and after the Reorganisation.

The consolidated financial statements have been prepared as if the Company had been the holding company of the Group throughout the years presented in accordance with Accounting Guideline 5 “*Merger Accounting for Common Control Combinations*” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years presented, which include the results, changes in equity and cash flows of the companies now comprising the Group, have been prepared as if the current group structure had been in existence throughout the years presented, or since their respective dates of incorporation, where this is a shorter period. The consolidated statement of financial position as at 31 December 2012 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at that date.

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

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value 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.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

For the purpose of preparing and presenting the consolidated financial statements, the Group has consistently applied the Hong Kong Accounting Standards (“HKASs”), HKFRSs, amendments and interpretations (“HK(IFRIC) – Ints”) issued by the HKICPA, which are effective for annual periods beginning on 1 January 2013.

The Group has applied for the first time in the current year the following new and revised HKFRSs.

HKFRS 13 *Fair Value Measurement* provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended.

The amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income* change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period with the exception of the amendments to HKAS 36, *Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets*, which removed the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied. The amendments have had no impact on the financial position or performance of the Group.

The directors consider that other than the additional disclosures, the application of the new and revised HKFRSs has had no material effect on the Group's financial performance and positions for the current and prior years and/or the disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle ²
HKFRS 9	Financial Instruments ⁴
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities ¹
Amendments to HKFRS 9, HKFRS 7 and HKAS 39	Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39 ⁴
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions ²
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ¹
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting ¹
HK(IFRIC) – Int 21	Levies ¹

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

² Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted

³ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

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

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right of set-off” and “simultaneous realisation and settlement”.

The amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required. The directors of the Company do not anticipate that the application of these amendments to HKAS 32 will have a significant impact on the Group’s consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors of the Company anticipate that the application of HKFRS 9 in the future will not have significant impact on the amounts reported in respect of the Group’s financial assets and financial liabilities based on the Group’s financial instruments reported at the end of the reporting period.

The directors of the Company anticipate that the application of the other new and revised standards and amendments will have no material effect on how the results and financial position of the Group are prepared and presented.

3. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2013 HK\$	2012 HK\$
Revenue from the sale of goods	5,804,047	7,068,164
Revenue from the rendering of services in relation to financial trading software solutions	12,446,674	12,287,791
Revenue from the software licensing and hosting	12,704,435	14,270,856
Revenue from the referral services	2,200,000	–
	<u>33,155,156</u>	<u>33,626,811</u>

See Note 4 for an analysis of revenue by major products and services.

4. SEGMENT INFORMATION

Information reported to the directors of the Company, being the chief operating decision makers (the “CODM”), for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

During the year, the Group is newly engaged in the referral business and this is a new operating segment in the current year. Accordingly, the Group's reportable and operating segments under HKFRS 8 are as follows:

- (a) Financial trading software solutions – development, sale and provision of financial trading software solutions with the principal products being trading and settlement systems of financial products for financial institutions; and
- (b) Referral business – provision of referral services to source, identify and refer prospective deal opportunities to interested parties.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Financial trading software solutions		Referral business		Total	
	2013	2012	2013	2012	2013	2012
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Segment revenue						
Revenue from external customers	<u>30,955,156</u>	<u>33,626,811</u>	<u>2,200,000</u>	<u>–</u>	<u>33,155,156</u>	<u>33,626,811</u>
Segment profit	10,048,966	13,570,655	977,612	–	11,026,578	13,570,655
Investment and other income					18,942	114,179
Other gains and losses					–	232,172
Share of losses of an associate					(1,443)	–
Listing expenses					(8,063,496)	(789,000)
Central administration costs					<u>(1,534,257)</u>	<u>–</u>
Profit before tax					<u>1,446,324</u>	<u>13,128,006</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year ended 31 December 2013 (2012: Nil).

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of interest income from bank deposits and available-for-sale investments, other gains and losses from the Group's financial instruments, share of losses of an associate, listing expenses and central administration costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

	Financial trading software solutions		Referral business		Total	
	2013	2012	2013	2012	2013	2012
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Segment assets	9,070,525	4,957,494	3,826,470	–	12,896,995	4,957,494
Corporate and unallocated assets					<u>49,258,352</u>	<u>21,258,532</u>
Consolidated assets					<u>62,155,347</u>	<u>26,216,026</u>
Segment liabilities	11,939,119	13,277,016	675,617	–	12,614,736	13,277,016
Corporate and unallocated liabilities					<u>593,039</u>	<u>28,286</u>
Consolidated liabilities					<u>13,207,775</u>	<u>13,305,302</u>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than investment in an associate, available-for-sale investments, cash and bank balances, current tax assets and other corporate and unallocated assets. Goodwill is allocated to the referral business segment.
- all liabilities are allocated to operating segments other than current and deferred tax liabilities and other corporate and unallocated liabilities.

Other segment information (included in the measure of segment profit or loss or regularly provided to the CODM)

	Financial trading software solutions		Referral business		Total	
	2013	2012	2013	2012	2013	2012
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Depreciation of property, plant and equipment	284,168	376,869	8,658	–	292,826	376,869
Loss on disposal of property, plant and equipment	–	30,250	–	–	–	30,250
Impairment losses on trade receivables	–	283,275	–	–	–	283,275
Reversal of impairment losses on trade receivables	(167,775)	(255,270)	–	–	(167,775)	(255,270)
Additions to non-current assets (Note)	1,995,841	1,328,975	1,386,632	–	3,382,473	1,328,975

Note: Non-current assets excluded investment in an associate.

Revenue by major products and services

The Group's revenue from its major products and services were as follows:

	2013	2012
	HK\$	HK\$
Sales of hardware	873,647	1,444,050
Sales of technology software systems	4,930,400	5,624,114
System customisation and network support	3,052,469	4,313,867
Software maintenance	9,253,189	7,726,194
Software licensing	11,289,655	12,585,979
Hosting	1,414,780	1,684,877
Referral	2,200,000	–
Others	141,016	247,730
	33,155,156	33,626,811

Geographical information

The Company is domiciled in the Cayman Islands with the Group's major operations located in Hong Kong. Substantially all of the Group's revenues from external customers during the year are derived from Hong Kong. All the non-current assets of the Group are located in Hong Kong.

Information about major customers

Revenue from a major customer contributed to 10% or more to the Group's total revenue is as follows:

	2013 HK\$	2012 <i>HK\$</i>
Customer A	<u>3,593,673</u>	<u>4,452,275</u>

5. INVESTMENT AND OTHER INCOME

	2013 HK\$	2012 <i>HK\$</i>
Interest income on:		
Bank deposits	18,942	7,334
Available-for-sale investments – unlisted	–	106,845
Loan from a related company	–	47,260
	<u>18,942</u>	<u>161,439</u>
Total interest income	18,942	161,439
Sundry income	<u>47,303</u>	<u>321,469</u>
	<u>66,245</u>	<u>482,908</u>

6. OTHER GAINS AND LOSSES

	2013 HK\$	2012 <i>HK\$</i>
Dividend income from held-for-trading investments	–	32,940
Cumulative gain reclassified from equity to profit or loss on disposal of available-for-sale investments	–	69,817
Impairment loss on available-for-sale investments	–	(45,665)
Gain arising on change in fair value of financial assets classified as held-for-trading	–	175,080
Net foreign exchange loss	(282)	(1,377)
Loss on disposal of property, plant and equipment	–	(30,250)
Impairment losses on trade receivables	–	(283,275)
Reversal of impairment losses on trade receivables	<u>167,775</u>	<u>255,270</u>
	<u>167,493</u>	<u>172,540</u>

7. INCOME TAX EXPENSE

	2013 HK\$	2012 HK\$
Current tax:		
– Hong Kong Profits Tax	1,484,598	2,140,377
– Over provision in prior years	(18,602)	(231,599)
	<u>1,465,996</u>	<u>1,908,778</u>
Deferred tax	551,824	–
	<u>2,017,820</u>	<u>1,908,778</u>
Total income tax recognised in profit or loss		

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profit arising in or derived from Hong Kong for both years.

8. (LOSS)/PROFIT FOR THE YEAR

	2013 HK\$	2012 HK\$
(Loss)/profit for the year has been arrived at after charging/(crediting):		
Auditors' remuneration	400,000	100,000
Depreciation of property, plant and equipment	292,826	376,869
Operating lease payments in respect of rented premises	1,849,941	2,183,480
Research and development costs expensed as incurred (included in administrative expenses)	–	491,921
	<u>–</u>	<u>491,921</u>
Employee benefits expense:		
Salaries and other benefits	17,362,093	14,141,713
Contributions to retirement benefits scheme	536,051	464,404
	<u>17,898,144</u>	<u>14,606,117</u>
Total employee benefits expense, including directors' emoluments	17,898,144	14,606,117
Less: Amounts capitalised in development costs	(1,776,181)	(1,141,905)
	<u>16,121,963</u>	<u>13,464,212</u>

Note:

During the year ended 31 December 2013, total employee benefits expense amounting to HK\$7,558,760 (2012: HK\$8,446,033) is included in cost of sales and amounting to HK\$8,563,203 (2012: HK\$5,018,179) is included in administrative expenses.

9. DIVIDENDS

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Dividends recognised as distributions attributable to owners of the Company	<u>–</u>	<u>3,600,000</u>

No dividend was paid or proposed for the year ended 31 December 2013, nor has any dividend been proposed since the end of the reporting period.

The dividend of HK\$3,600,000 paid for the year ended 31 December 2012 represented the dividend paid by a subsidiary of the Company to its then equity holder prior to the Reorganisation. The rate of dividend and the number of shares ranking for dividends have not been presented as such information is not meaningful having regard to the purpose of these consolidated financial statements.

10. (LOSS)/EARNINGS PER SHARE

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
(Loss)/earnings		
(Loss)/profit for the year attributable to owners of the Company for the purposes of basic (loss)/earnings per share	(570,290)	11,218,828
Number of shares		
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	<u>163,287,671</u>	<u>150,000,000</u>

For the year ended 31 December 2013, the calculation of the basic loss per share attributable to owners of the Company was based on (i) the loss attributable to owners of the Company and (ii) the weighted average number of ordinary shares (adjusted retrospectively for 10,000 shares in issue and 149,990,000 shares issued under the capitalisation issue), and the effects of 50,000,000 shares issued under placing as described in Note 14.

For the year ended 31 December 2012, the calculation of the basic earnings per share attributable to owners of the Company was based on (i) the profit attributable to owners of the Company and (ii) the weighted average number of 150,000,000 shares (comprising 10,000 shares in issue and 149,990,000 shares to be issued under the capitalisation issue), as if these 150,000,000 shares were outstanding since 1 January 2012.

The diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share as there were no dilutive potential ordinary shares in issue during the years ended 31 December 2013 and 2012.

11. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of HK\$9,278,322 (2012: HK\$789,000).

12. TRADE AND OTHER RECEIVABLES

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Trade receivables	6,677,327	2,726,758
Allowance for doubtful debts	–	(283,275)
	<u>6,677,327</u>	<u>2,443,483</u>
Other receivables	154,784	51,755
Prepaid listing expenses	–	1,739,274
Deposits and prepayments	1,861,438	929,039
	<u>8,693,549</u>	<u>5,163,551</u>

The following is an analysis of trade receivables by age, presented based on the invoice date and net of allowance for doubtful debts:

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
0–30 days	2,560,056	512,646
31–60 days	3,197,741	1,319,547
61–90 days	32,800	520,250
91–120 days	80,250	91,040
Over 120 days	806,480	–
	<u>6,677,327</u>	<u>2,443,483</u>
Total		

The Group generally allows an average credit period of not more than 30 days to its customers and based on the negotiations between the Group and individual customers. No interest is charged on trade receivables.

Trade receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Age of receivables that are past due but not impaired

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Overdue by:		
1–30 days	3,197,741	1,319,547
31–60 days	32,800	520,250
61–90 days	80,250	91,040
Over 90 days	806,480	–
	<u>4,117,271</u>	<u>1,930,837</u>
Total		

Movement in the allowance for doubtful debts

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Balance at the beginning of year	283,275	255,270
Impairment losses recognised on receivables	–	283,275
Amounts written off during the year as uncollectible	(115,500)	–
Impairment losses reversed	(167,775)	(255,270)
Balance at the end of year	–	283,275

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The Group has assessed the credit quality of the trade receivables by using internal assessment, taking into account the repayment history and financial background of the trade customers. The concentration of credit risk is limited due to the customer base being large and unrelated.

Age of impaired trade receivables

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Overdue by:		
91–120 days	–	159,000
Over 120 days	–	124,275
Total	–	283,275

13. OTHER PAYABLES

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Receipts in advance	4,791,512	4,021,263
Customers deposit	3,846,510	3,700,860
Other payables and accruals	4,017,929	5,554,893
	12,655,951	13,277,016

14. SHARE CAPITAL

	Number of shares	Share capital HK\$
<i>Ordinary shares of HK\$0.01 each:</i>		
Authorised:		
On 18 December 2012 (date of incorporation) (<i>Note (ii)</i>) and 31 December 2012	38,000,000	380,000
Increase in authorised share capital (<i>Note (iv)</i>)	962,000,000	9,620,000
	<u>1,000,000,000</u>	<u>10,000,000</u>
At 31 December 2013	<u>1,000,000,000</u>	<u>10,000,000</u>
Issued and fully paid:		
On 18 December 2012 (date of incorporation) (<i>Note (ii)</i>) and 31 December 2012 (<i>Note (i)</i>)	1	–
Issue of shares pursuant to Reorganisation (<i>Note (iii)</i>)	9,999	100
Issue of shares upon capitalisation issue (<i>Note (v)</i>)	149,990,000	1,499,900
Issue of shares by placing (<i>Note (vi)</i>)	50,000,000	500,000
	<u>200,000,000</u>	<u>2,000,000</u>
At 31 December 2013	<u>200,000,000</u>	<u>2,000,000</u>

Notes:

- (i) For the purpose of the preparation of the consolidated financial statements, the balance of share capital at 31 December 2012 represents the aggregate of the paid up share capital of the subsidiaries comprising the Group held by Mr. Chan, the controlling shareholder, prior to the Reorganisation.
- (ii) The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 18 December 2012 with an initial authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. One nil paid share was allotted and issued to the subscriber on 18 December 2012, which was subsequently transferred to Luster Wealth Limited on the same date.
- (iii) Pursuant to the Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of Infinite Capital Ventures Limited from Luster Wealth Limited and Efficient Channel Limited on 28 August 2013, (a) the one nil paid share held by Luster Wealth Limited was credited as fully paid; and (b) 9,249 and 750 shares were allotted and issued to Luster Wealth Limited and Efficient Channel Limited, respectively, and were credited as fully paid.
- (iv) Pursuant to the written resolution of the shareholders passed on 10 September 2013, the authorised share capital of the Company was increased from HK\$380,000 to HK\$10,000,000 by the creation of an additional of 962,000,000 shares of HK\$0.01 each, each ranking pari passu with the shares then in issue in all respects.
- (v) Pursuant to the written resolutions of the shareholders passed on 10 September 2013, the directors were authorised to capitalise the amount of HK\$1,499,900 standing to the credit of the share premium account of the Company and to appropriate such amount as to capital to pay up in full at par 149,990,000 shares for allotment and issue to the then existing shareholders of the Company, each ranking pari passu in all respects with the then existing issued shares. On 26 September 2013, the Company allotted and issued such shares as aforesaid and gave effect to the capitalisation issue.
- (vi) On 26 September 2013, the Company issued 50,000,000 shares pursuant to the Company's listing on the GEM of the Stock Exchange by way of placing at a price of HK\$0.82 per share.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group is principally engaged in the development, sale and lease of financial trading software solutions with the principal products being trading and settlement systems of financial products for financial institutions and provision of referral services to source, identify and refer prospective deal opportunities to interested parties.

For the year ended 31 December 2013, the operating and business environment of the Group remained stable as compared with the corresponding period in 2012.

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

For the financial trading software solutions business segment, iAsia’s major customers are the financial institutions which conduct brokerage business of financial products traded in Hong Kong, in particular Category B and Category C brokerage firms and local banks. iAsia’s existing trading and settlement systems are used to facilitate the operations of financial institutions for their clients’ trading of financial products and can cover the whole life cycle of trading and settlement process from order placing, risk management, compliance to settlement. Besides offering standard packages of software products, iAsia also offers customisation services to customers to develop tailor-made functions. Along with its sale and lease of financial trading software solutions, iAsia is also engaged in the provision of related services, including sale of hardware, software maintenance, network support and hosting services.

For the year ended 31 December 2013, revenue from this operating business segment amounted to approximately HK\$30,955,000 (2012: approximately HK\$33,627,000).

iAsia places strong emphasis on research and development (the “R&D”) which is vital to the business development and competitiveness of the Group. The R&D team of iAsia focuses in two key areas: (i) the enhancement of the existing products; and (ii) the development of new products.

(i) Enhancement of existing System

Securities Front Office System

In response to the change in trading infrastructure stipulated by Hong Kong Exchanges and Clearing Limited (“HKEx”), iAsia has launched a migration project to enhance the Securities Front Office System. iAsia has commenced to upgrade (i) the trading interface with the HKEx from Open Gateway (“OG”) to Orion Central Gateway (“OCG”); and (ii) the market data interface, migration of which will be launched by HKEx in the second quarter of 2014. Since the fourth quarter of 2012, iAsia has started ongoing development and testing with HKEx. Currently, iAsia’s Securities Front Office System has successfully passed the certification tests of HKEx’s OCG in February 2014.

Futures Front Office System

In response to the change in trading platform stipulated by HKEx, iAsia has launched a migration project to upgrade the Futures Front Office System. iAsia commenced in the second quarter of 2013 to upgrade the trading interface with the Hong Kong Futures Exchange Limited (the “Futures Exchange”) from Network Gateway (“NG”) to Central Gateway (“CG”), migration of which was launched by HKEx in the fourth quarter of 2013. iAsia commenced the review of the specification of market data interface in the third quarter of 2013, migration of which will be launched by HKEx in the second quarter of 2014. iAsia commenced the enhancement of the market data interface in the fourth quarter of 2013, which is expected to be completed in the second quarter of 2014. iAsia’s upgraded Futures Front Office System has successfully passed the Genium INET platform certification test and launched the system to all its futures clients.

(ii) *Development of new products*

As one of the major financial trading software solution providers in Hong Kong, iAsia is committed to furthering the growth of its financial trading software solutions and increasing its market share by expanding its product range in addition to enhancing the development of its existing products. To these ends, the Group devotes resources in the development of new products:

Mobile app for trading futures

In line with the increasing popularity, functionality and convenience of tablet and mobile devices, iAsia has developed two new products to help iAsia expand its business to the mobile market during the year.

An Android version of the Mobile App for Tablet for trading futures was launched in late December 2013. The Android version of the Mobile App for Retail Investors for trading futures is still undergoing the final testing and fine tuning process and this new product is scheduled to be launched in the second quarter of 2014.

Algorithmic Trading System

iAsia commenced the development of the Algorithmic Trading System with additional manpower and efforts with enriched features and enhanced efficiency during the year. iAsia expects to complete system development works for the Algorithmic Trading System and launch the arbitrage and market maker sections of the Algorithmic Trading System with main focus on index futures and index options products traded on the Futures Exchange in the coming year.

Order Management System

iAsia conducted hardware and network infrastructure planning and requirement capture for the Order Management System during the year and expects to conduct system development works for the Order Management System in the coming year.

To better suit the needs of customers and further expand the market share of iAsia, iAsia has promoted its Financial Software as a Service (“FSaaS”), a new service to offer a speedy and reliable electronic financial trading operating mode to the brokers by incorporating the cloud computing technology, for Category C brokers by organising a marketing event in March 2014. In addition, iAsia will offer upgrade packages to the securities brokers to update their systems to cope with the introduction of OCG by HKEx.

Business Diversification

In order to diversify the Group’s source of revenue, the Group actively seeks new business opportunities in relation to its core business and the financial industry. In the fourth quarter of 2013, the Group established Dealmatch.com Limited (“Dealmatch”) and ventured into deal matching and referral services.

Dealmatch, the Group’s wholly-owned subsidiary, is an online platform principally engaged in bridging potential investment deals from various industries with potential investors, contributed revenue of HK\$2,200,000 to the Group for the year ended 31 December 2013 (2012: Nil).

Following the establishment of Dealmatch, the Group acquired ChinaQFii Company Limited, a company principally engaged in deal sourcing in China. The acquisition can further expand and strengthen the foundation of the Group’s deal matching and referral business.

The branching out of the Group’s business not only broadens the Group’s source of income, but may also facilitate the expansion of the Group’s customer base and create new business opportunities.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2013, the Group recorded revenue of approximately HK\$33,155,000 (2012: approximately HK\$33,627,000), representing a decrease of approximately HK\$472,000 or 1.40% as compared with that of last financial year.

Sales of Hardware

Revenue derived from the sales of hardware for the year ended 31 December 2013 decreased by approximately HK\$570,000 or 39.50% to approximately HK\$874,000 (2012: approximately HK\$1,444,000) as compared with that of last financial year as the customers intended to postpone their hardware upgrade to a date after the upcoming transition of the new trading platforms of HKEx, namely OCG, which will be rolled out by the second quarter of 2014.

Sales of Technology Software Systems

Revenue derived from sales of technology software systems amounted to approximately HK\$4,930,000 for the year ended 31 December 2013 (2012: approximately HK\$5,624,000), representing a decrease of approximately HK\$694,000 or 12.33% as compared with that of last financial year. The decrease was due to the decrease in revenue recognised from backlog contract compared with the last financial year.

System Customisation and Network Support

Revenue derived from system customisation and network support amounted to approximately HK\$3,052,000 for the year ended 31 December 2013 (2012: approximately HK\$4,314,000), representing a decrease of approximately HK\$1,262,000 or 29.24%. The decrease was mainly due to customers' intention to postpone their requests for customisation to a date after the forthcoming transition of the new trading platforms of HKEx as mentioned above under the paragraph headed "Sales of Hardware".

Software Maintenance

Revenue from software maintenance for the year ended 31 December 2013 increased by approximately HK\$1,527,000 or 19.76% to approximately HK\$9,253,000 (2012: approximately HK\$7,726,000) as compared with that of last financial year, which was mainly attributable to the increase in the number of customers subscribed for iAsia's maintenance services.

Software Licensing

Revenue from software licensing decreased by approximately HK\$1,296,000 or 10.30% to approximately HK\$11,290,000 for the year ended 31 December 2013 (2012: approximately HK\$12,586,000). The decrease was mainly resulted from the one-off event last year to recognise the residual licence fee agreed with The Chinese Gold and Silver Exchange Society ("CGSE") in relation to the monthly fee charged by iAsia to CGSE based on the number of user licences of the Bullion Trading System[#] granted to members of CGSE amounted to approximately HK\$1,044,000.

[#] The Bullion Trading System is an electronic system installed at and used by the members of CGSE to trade bullion products through the electronic trading platform of CGSE.

Hosting

Revenue from hosting recorded a decrease of approximately HK\$270,000 or 16.03% to approximately HK\$1,415,000 for the year ended 31 December 2013 (2012: approximately HK\$1,685,000) when compared with that of last financial year. Such decrease was mainly a result of the cessation of subscription for hosting service by certain customers.

Referral

For the year ended 31 December 2013, the Group recorded referral income of HK\$2,200,000 (2012: Nil) generated from the new referral business which commenced in the fourth quarter of the year.

Gross Profit and Gross Profit Margin

Gross profit was approximately HK\$23,912,000 for the year ended 31 December 2013, representing an increase of approximately 5.68% as compared with last financial year (2012: approximately HK\$22,626,000). Gross profit margin for the year ended 31 December 2013 was approximately 72.12% (2012: approximately 67.29%), representing an increase of approximately 4.83% when compared with that of last financial year. The increase in gross profit margin was mainly due to the combined effect of recognition of referral income generated from the new referral business and the decrease in direct staff cost after the relocation of certain direct staff to the R&D team to develop new products (which was capitalised as intangible assets) during the year.

Administrative Expenses

The Group's administrative expenses for the year ended 31 December 2013 amounted to approximately HK\$14,634,000 (2012: approximately HK\$9,364,000) representing an increase of approximately HK\$5,270,000 or 56.27% as compared with that of last financial year. The increase in administrative expenses is mainly attributable to the combined effect of (i) a one-off corporate donation amounting to HK\$650,000 incurred during the year; (ii) the marketing expenses incurred for and after the listing of the Company on the GEM of the Stock Exchange on 26 September 2013 (the "Listing") amounting to approximately HK\$781,000; and (iii) the increase in administrative staff costs, including directors' emoluments of approximately HK\$3,545,000 as compared with that of last financial year due to 5 new headcounts after the Listing including independent non-executive Directors, chief financial officer and financial controller, 4 new headcounts since the establishment of the new referral business segment in November 2013 and provision of discretionary bonus of approximately HK\$1,003,000 for the year (2012: Nil).

(Loss)/Profit for the Year

The Group incurred a loss of approximately HK\$571,000 for the year ended 31 December 2013 (2012: Profit for the year of approximately HK\$11,219,000). The Group's net profit decreased by approximately HK\$11,790,000 as compared with that of last financial year mainly due to the combined effect of (i) the listing expenses of approximately HK\$8,063,000 incurred for the year (2012: HK\$789,000) and (ii) the increase in administrative expenses of approximately HK\$5,270,000 as elaborated above under the paragraph headed "Administrative Expenses". The relevant factors had no immediate impact on the business operations of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2013, the Group held cash and bank balances of approximately HK\$48,190,000 (2012: approximately HK\$19,519,000). Net current assets amounted to approximately HK\$44,875,000 (2012: approximately HK\$11,378,000). Current ratio (defined as total current assets divided by total current liabilities) was approximately 4.55 times (2012: approximately 1.86 times).

As at 31 December 2013, the gearing ratio of the Group (defined as total borrowings divided by total assets) was nil (2012: Nil).

As at 31 December 2013, the Group had no outstanding bank borrowings (2012: Nil).

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 December 2013, the business activities of the Group were mainly denominated in Hong Kong dollars. The Directors did not consider the Group was exposed to any significant foreign currency exchange risks.

CONTINGENT LIABILITIES

As at 31 December 2013, the Group did not have any contingent liabilities (2012: Nil).

CAPITAL COMMITMENT

As at 31 December 2013, the Group did not have any significant capital commitments (2012: Nil).

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2013, the Group did not have any material charge on assets (2012: Nil).

MATERIAL ACQUISITIONS, DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 7 November 2013, the Group acquired the entire equity interest of One Rich Investments Limited and its subsidiary, ChinaQFii Company Limited at a cash consideration of HK\$1,500,000.

SIGNIFICANT INVESTMENTS

Save as disclosed above in the paragraph headed “Material Acquisitions, Disposal of Subsidiaries and Affiliated Companies”, the Group did not hold any significant investment for the year ended 31 December 2013.

CAPITAL STRUCTURE

Since the date of listing of shares of the Company on the GEM of the Stock Exchange on 26 September 2013 (the “Listing Date”) and up to 31 December 2013 (the “Period”), there was no material change in the capital structure of the Company. The capital of the Company comprises ordinary shares only.

EVENTS AFTER THE REPORTING PERIOD

On 9 January 2014, the Group entered into the shareholders agreement with two independent third parties to jointly invest in Gavottes International Limited, a company incorporated in the BVI (the “JV Company”). On the same date, the JV Company entered into the sale and purchase agreement with the independent third parties pursuant to which the JV Company has agreed to acquire the entire issued share capital of Gransing Securities Co., Limited, a company incorporated in Hong Kong with limited liability at the consideration of HK\$16,040,000, subject to dollar-to-dollar downward adjustments. The aggregate capital contribution by the Group to the JV Company is HK\$4,861,530 and the Group will hold 30% of the issued share capital of the JV Company. As at the date of this results announcement, the above acquisition is not yet completed. Details of the transaction are set out in the Company’s announcement dated 9 January 2014.

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.

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 “Share(s)”) be subdivided into ten (10) subdivided shares (the “Subdivided Share(s)”) of HK\$0.001 each (the “Share Subdivision”). The Share Subdivision is conditional upon, among other things, the approval of the shareholders of the Company at the extraordinary general meeting of the Company (the “EGM”). The Board proposed that subject to and upon the Share Subdivision becoming effective, the board lot size will be changed from 2,500 Shares to 5,000 Subdivided Shares. A circular containing further details on the Share Subdivision together with a notice of EGM will be despatched to the shareholders of the Company as soon as practicable. Details of the proposal are set out in the Company’s announcement dated 18 March 2014.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save for the investment as disclosed above in the paragraph headed “Events after the Reporting Period” and the plan of acquisition of an IT company as stated under the section headed “Business Objectives and Strategies” of the prospectus of the Company dated 18 September 2013 (the “Prospectus”), the Group does not have any concrete plan for material investments or capital assets for the coming year. Nonetheless, if any potential investment opportunity arises in the coming year, the Group will prepare the feasibility study and implementation plan when it is beneficial to the Group and its shareholders as a whole.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2013 (2012: HK\$3,600,000).

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2013, the Group had approximately 48 employees (2012: 40). The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The Group remunerates its employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group's performance as well as individual's performance.

OUTLOOK

Looking ahead, the Group is optimistic about the industry outlook and the Group's future development and expects to have a stable growth momentum in the coming year.

iAsia, the core business division of the Group, strives to consolidate its market position and maintain its competitiveness by enriching the product portfolio of its financial trading software solutions, enhancing its existing products, and broadening its customer base.

In the aspect of product development, iAsia will continue its efforts in R&D on product enhancement and development so as to suit the changing market needs. To support this development strategy, iAsia has formulated concrete development plans for the Algorithmic Trading System and Order Management System. Meanwhile, iAsia will strengthen its marketing efforts in promoting its new products to existing and potential clients. In particular, iAsia will further expand its market share by offering the cost effective one-stop solution to Category C brokers. Furthermore, iAsia will offer upgrade packages to the securities brokers to update their systems to cope with the introduction of OCG by HKEx.

In the aspect of business development, the Group considers that e-commerce or mobile commerce (the "m-commerce") a business with high potential in the People's Republic of China (the "PRC") market. According to a report recently released by KPMG China, with a forecast of 32% average annual growth and strong drivers such as prevalence of social media platforms, digital payment platforms and mobile devices, China is set to become the largest e-commerce or m-commerce market in the world. Currently, China is the world's most populous country with approximately 1.3 billion people and is thus believed to be the world's largest market of internet and smartphone applications. The growing trend of the use of mobile devices is in line with the forecast that the market of e-commerce or m-commerce in the PRC will at least quintuple in the next 2 years. The Group believes that, with the Group's strong IT background, the Group is confident to enter into e-commerce or m-commerce business in relation to its core business. The Group will actively seek such business opportunities to help broaden the Group's source of income.

Leveraging on the Group's existing resources and expertise, the Group will put greater emphasis on the referral business division in the coming year. In addition, the Group will actively identify quality business projects with the aims of achieving synergy and sustainable growth across the business divisions of the Group and maximising returns to shareholders in the long run. The Group will strive to achieve profitability in the financial year of 2014.

USE OF PROCEEDS FROM THE PLACING

The following table sets forth a breakdown of the use of net proceeds applied by the Group from the Latest Practicable Date as defined in the Prospectus up to 31 December 2013:

	Planned amount as stated in the Prospectus HK\$'000	Planned amount utilised up to 31 December 2013 HK\$'000	Actual amount utilised up to 31 December 2013 HK\$'000	Balance as at 31 December 2013 HK\$'000
Use of net proceeds				
Enhancing product development by developing new products and improving its existing products	12,265	(2,490)	(101)	12,164
Expanding the customer base	2,500	(500)	(500)	2,000
Possible acquisition of an IT company	13,000	–	–	13,000
Working capital	830	(830)	(830)	–
Total	<u>28,595</u>	<u>(3,820)</u>	<u>(1,431)</u>	<u>27,164</u>

The actual amount utilised up to 31 December 2013 for enhancing product development by developing new products and improving its existing products was less than the planned amount by approximately HK\$2,389,000, mainly due to the failure of identifying and hiring sufficient suitable candidates for the development of new and existing products.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save as disclosed in the Prospectus, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities since the shares of the Company were listed on the GEM of the Stock Exchange on 26 September 2013.

COMPETING INTERESTS

As at 31 December 2013, none of the Directors, their respective associates and the substantial shareholders had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

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 complied with the required standard of dealings and the code of conduct regarding securities transactions by the Directors adopted by the Company during the Period.

CORPORATE GOVERNANCE PRACTICES

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

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

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.

REVIEW OF THE RESULTS ANNOUNCEMENT

The Group's audited consolidated results for the year ended 31 December 2013 have been reviewed by the Audit Committee. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

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

Hong Kong, 18 March 2014

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

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