

# FINSOFT FINANCIAL INVESTMENT HOLDINGS LIMITED

匯財金融投資控股有限公司\*

(Formerly known as Finsoft Corporation 匯財軟件公司)  
(Incorporated in the Cayman Islands with limited liability)  
Stock Code : 8018

Interim  
Report  
2015



\* For Identification Purpose Only

## **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 the GEM, there is a risk that securities traded on the 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 the GEM.**

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*This report, for which the directors (“Directors”, each a “Director”) of Finsoft Financial Investment Holdings Limited (“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 (“GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## INTERIM RESULTS

The board of Directors (“Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, “Group”) for the three months and six months ended 30 June 2015 (“Period”), together with the unaudited comparative figures for the corresponding periods in 2014, as follows:

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2015

|   | Notes | Three months ended<br>30 June |   | Six months ended<br>30 June |   |
|---|-------|-------------------------------|---|-----------------------------|---|
|   |       | 2015<br>HK\$<br>(Unaudited)   | 2014<br>HK\$<br>(Unaudited)<br>(Restated) | 2015<br>HK\$<br>(Unaudited) | 2014<br>HK\$<br>(Unaudited)<br>(Restated) |
| Revenue   | 4     | 16,144,777                    | 10,571,676                                | 24,052,182                  | 19,106,399                                |
| Cost of sales   |       | (3,497,899)                   | (1,811,350)                               | (5,947,708)                 | (4,192,398)                               |
| Gross profit  |       | 12,646,878                    | 8,760,326                                 | 18,104,474                  | 14,914,001                                |
| Other income  |       | 5,697                         | 41,610                                    | 48,719                      | 94,401                                    |
| Other gains and losses  |       | -                             | 4,024                                     | (20,667)                    | 4,024                                     |
| Administrative expenses   |       | (8,896,884)                   | (6,972,364)                               | (16,657,224)                | (13,020,090)                              |
| Finance costs   | 6     | (1,423,691)                   | -   | (1,423,691)                 | -   |
| Share of loss of an associate   |       | -                             | (774)                                     | -                           | (3,864)                                   |
| Profit before tax   |       | 2,332,000                     | 1,832,822                                 | 51,611                      | 1,988,472                                 |
| Income tax expense  | 7     | (712,597)                     | (392,430)                                 | (1,207,818)                 | (685,176)                                 |
| <b>Profit/(loss) and total comprehensive income/(expense) for the period</b>                  | 8     | 1,619,403                     | 1,440,392                                 | (1,156,207)                 | 1,303,296                                 |
| <b>Profit/(loss) and total comprehensive income/(expense) for the period attributable to:</b> |       |                               |   |                             |   |
| Owners of the Company   |       | 1,697,673                     | 1,440,392                                 | (1,041,355)                 | 1,303,296                                 |
| Non-controlling interests   |       | (78,270)                      | -   | (114,852)                   | -   |
|   |       | 1,619,403                     | 1,440,392                                 | (1,156,207)                 | 1,303,296                                 |
| <b>Earnings/(loss) per share</b>  |       |                               |   |                             |   |
| - Basic and diluted (HK cents per share)  | 10    | 0.042                         | 0.036                                     | (0.026)                     | 0.033                                     |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

|  | <i>Notes</i> | <b>30 June<br/>2015<br/>HK\$<br/>(Unaudited)</b> | 31 December<br>2014<br>HK\$<br>(Audited) |
|--|--------------|--|--|
| <b>Non-current assets</b>                                |              |  |  |
| Property, plant and equipment                            | 11           | <b>2,922,943</b>                                 | 2,793,418                                |
| Goodwill   |              | <b>1,670,008</b>                                 | 1,670,008                                |
| Intangible assets  |              | <b>6,065,764</b>                                 | 5,745,431                                |
| Investment in an associate                               |              | –  | –  |
|  |              | <b>10,658,715</b>                                | 10,208,857                               |
| <b>Current assets</b>                                    |              |  |  |
| Trade and other receivables                              | 12           | <b>5,177,834</b>                                 | 13,976,825                               |
| Loan receivable  | 13           | <b>3,700,000</b>                                 | 4,000,000                                |
| Financial assets at fair value through<br>profit or loss | 14           | <b>6,969,500</b>                                 | 9,265,212                                |
| Cash and cash equivalents                                |              | <b>150,494,812</b>                               | 45,320,755                               |
|  |              | <b>166,342,146</b>                               | 72,562,792                               |
| <b>Current liabilities</b>                               |              |  |  |
| Trade and other payables                                 | 15           | <b>16,964,553</b>                                | 20,502,465                               |
| Current tax liabilities                                  |              | <b>2,179,290</b>                                 | 959,761                                  |
| Loan notes   | 16           | <b>97,711,691</b>                                | –  |
|  |              | <b>116,855,534</b>                               | 21,462,226                               |
| <b>Net current assets</b>                                |              | <b>49,486,612</b>                                | 51,100,566                               |
| <b>Total assets less current liabilities</b>             |              | <b>60,145,327</b>                                | 61,309,423                               |
| <b>Non-current liabilities</b>                           |              |  |  |
| Deferred tax liabilities                                 |              | <b>1,031,185</b>                                 | 1,042,896                                |
| <b>Net assets</b>  |              | <b>59,114,142</b>                                | 60,266,527                               |
| <b>Capital and reserves</b>                              |              |  |  |
| Share capital  | 17           | <b>2,000,000</b>                                 | 2,000,000                                |
| Reserves   |              | <b>57,267,709</b>                                | 58,266,527                               |
| Equity attributable to owners of<br>the Company          |              | <b>59,267,709</b>                                | 60,266,527                               |
| Non-controlling interests                                |              | <b>(153,567)</b>                                 | –  |
| <b>Total equity</b>                                      |              | <b>59,114,142</b>                                | 60,266,527                               |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

|   | Attributable to owners of the Company |                       |                        |                          |                   | Attributable to non-controlling interests<br>HK\$ | Total<br>HK\$     |
|---|---------------------------------------|-----------------------|------------------------|--------------------------|-------------------|---|-------------------|
|   | Share capital<br>HK\$                 | Share premium<br>HK\$ | Merger reserve<br>HK\$ | Retained profits<br>HK\$ | Subtotal<br>HK\$  |   |                   |
| Balance at 1 January 2014<br>(Audited)  | 2,000,000                             | 34,609,605            | 77,794                 | 12,260,173               | 48,947,572        | -   | 48,947,572        |
| Profit and total comprehensive income for the period<br>(Unaudited)                           | -                                     | -                     | -                      | 1,303,296                | 1,303,296         | -   | 1,303,296         |
| Balance at 30 June 2014 (Unaudited)   | 2,000,000                             | 34,609,605            | 77,794                 | 13,563,469               | 50,250,868        | -   | 50,250,868        |
| <b>Balance at 1 January 2015 (Audited)</b>  | <b>2,000,000</b>                      | <b>34,609,605</b>     | <b>77,794</b>          | <b>23,579,128</b>        | <b>60,266,527</b> | <b>-</b>  | <b>60,266,527</b> |
| Loss and total comprehensive expense for the period<br>(Unaudited)                            | -                                     | -                     | -                      | (1,041,355)              | (1,041,355)       | (114,852)   | (1,156,207)       |
| Change in ownership interests in subsidiaries without change of control<br>(Unaudited) (Note) | -                                     | -                     | -                      | 42,537                   | 42,537            | (38,715)  | 3,822             |
| <b>Balance at 30 June 2015 (Unaudited)</b>  | <b>2,000,000</b>                      | <b>34,609,605</b>     | <b>77,794</b>          | <b>22,580,310</b>        | <b>59,267,709</b> | <b>(153,567)</b>                                  | <b>59,114,142</b> |

*Note:* Immediately before the Subscription (as defined below), Winrange Investments Limited ("Winrange"), a wholly-owned subsidiary of the Company, held 100% issued share capital of Sky Luck International Limited ("Sky Luck"), a company incorporated in the British Virgin Islands with limited liability, which in turn held 100% of the issued share capital of KL Securities Investment Services Limited ("KL Securities"), a company incorporated in Hong Kong with limited liability. On 4 February 2015, new shares of Sky Luck were allotted and issued to each of Winrange and two independent third parties ("Subscription"), resulting in each of them holding 51%, 24.5% and 24.5% of the issued share capital of Sky Luck respectively. The Subscription constituted a dilution of equity interest of Sky Luck and KL Securities held by the Company and immediately after the Subscription, each of Sky Luck and KL Securities became an indirect 51%-owned subsidiary of the Company.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

|   | Six months ended 30 June           |                                    |
|---|------------------------------------|------------------------------------|
|   | 2015<br><i>HK\$</i><br>(Unaudited) | 2014<br><i>HK\$</i><br>(Unaudited) |
| Net cash generated by operating activities                  | <b>10,277,517</b>                  | 1,177,940                          |
| Net cash used in investing activities                       | <b>(1,391,460)</b>                 | (2,285,542)                        |
| Net cash generated by financing activities                  | <b>96,288,000</b>                  | -                                  |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | <b>105,174,057</b>                 | (1,107,602)                        |
| <b>Cash and cash equivalents at 1 January</b>               | <b>45,320,755</b>                  | 48,190,199                         |
| <b>Cash and cash equivalents at 30 June</b>                 | <b>150,494,812</b>                 | 47,082,597                         |

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 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 were listed on the GEM of the Stock Exchange on 26 September 2013. The address of the Company's registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of the Company's principal place of business in Hong Kong is 23/F, W Square, 318 Hennessy Road, Wanchai, Hong Kong.

With effect from 8 June 2015, the name of the Company has been changed from "Finsoft Corporation" to "Finsoft Financial Investment Holdings Limited" and the dual foreign name of the Company in Chinese "匯財軟件公司" has been removed and "匯財金融投資控股有限公司" has been adopted as the new Chinese name of the Company for identification purpose only.

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, securities investments and provision of corporate finance advisory services.

The unaudited condensed consolidated financial statements 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 financial statements of the Group for the Period has been prepared in accordance with Hong Kong Accounting Standard ("HKAS 34") *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and the new Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong). This unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014.





Amendments to HKAS 16 and  
HKAS 38  
Amendments to HKAS 16 and  
HKAS 41  
Amendments to HKAS 27

Clarification of Acceptable Methods of  
Depreciation and Amortisation<sup>1</sup>  
Agriculture: Bearer Plants<sup>1</sup>  
Equity Method in Separate Financial  
Statements<sup>1</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
- <sup>2</sup> Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
- <sup>4</sup> Effective for annual periods on or after 1 January 2018, with earlier application permitted.

The Directors anticipate that the application of the New and Revised HKFRSs in future may have an impact on the amounts reported and disclosures made in the Group's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of the New and Revised HKFRSs until the Group performs a detailed review.

### 3. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the quoted market bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following tables present the Group's financial assets that are measured at fair value as at 30 June 2015 and 31 December 2014.

|                                   | Level 1<br>HK\$<br>(Unaudited) | Level 2<br>HK\$<br>(Unaudited) | Level 3<br>HK\$<br>(Unaudited) | Total<br>HK\$<br>(Unaudited) |
|-----------------------------------|--------------------------------|--------------------------------|--------------------------------|------------------------------|
| <b>At 30 June 2015</b>            |                                |                                |                                |                              |
| <i>Financial assets</i>           |                                |                                |                                |                              |
| Financial assets held for trading |                                |                                |                                |                              |
| - Listed equity securities        | 6,969,500                      | -                              | -                              | 6,969,500                    |

|                                   | Level 1<br>HK\$<br>(Audited) | Level 2<br>HK\$<br>(Audited) | Level 3<br>HK\$<br>(Audited) | Total<br>HK\$<br>(Audited) |
|-----------------------------------|------------------------------|------------------------------|------------------------------|----------------------------|
| <b>At 31 December 2014</b>        |                              |                              |                              |                            |
| <i>Financial assets</i>           |                              |                              |                              |                            |
| Financial assets held for trading |                              |                              |                              |                            |
| - Listed equity securities        | 9,265,212                    | -                            | -                            | 9,265,212                  |

There were no investments classified under Levels 2 and 3 and there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 during the six months ended 30 June 2015 and the year ended 31 December 2014.

#### 4. REVENUE

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

|  | Three months ended |             | Six months ended  |             |
|--|--------------------|-------------|-------------------|-------------|
|  | 30 June            |             | 30 June           |             |
|  | 2015               | 2014        | 2015              | 2014        |
|  | HK\$               | HK\$        | HK\$              | HK\$        |
|  | (Unaudited)        | (Unaudited) | (Unaudited)       | (Unaudited) |
|  |                    | (Restated)  |                   | (Restated)  |
| Sales of hardware  | <b>322,934</b>     | 296,682     | <b>630,604</b>    | 652,951     |
| Sales of technology software systems   | <b>1,529,202</b>   | 1,118,507   | <b>1,894,402</b>  | 2,250,507   |
| System customisation and network support                                     | <b>2,365,764</b>   | 645,371     | <b>3,671,888</b>  | 1,380,426   |
| Software maintenance services  | <b>2,333,289</b>   | 2,279,914   | <b>4,626,153</b>  | 4,548,737   |
| Software licensing fee   | <b>4,142,845</b>   | 2,966,975   | <b>7,974,999</b>  | 5,809,445   |
| Hosting and related services fee   | <b>534,033</b>     | 320,772     | <b>1,046,222</b>  | 668,592     |
| Referral services fee  | <b>501,989</b>     | 2,666,442   | <b>501,989</b>    | 3,516,442   |
| Interest income on loan financing  | <b>121,896</b>     | 93,156      | <b>205,732</b>    | 93,156      |
| Corporate finance advisory and related services fee                          | <b>361,456</b>     | –           | <b>468,456</b>    | –           |
| Other internet financial platform services fee                               | <b>688,000</b>     | –           | <b>808,000</b>    | –           |
| Net fair value gain on financial assets at fair value through profit or loss | <b>3,217,058</b>   | 140,000     | <b>2,168,866</b>  | 140,000     |
| Others   | <b>26,311</b>      | 43,857      | <b>54,871</b>     | 46,143      |
|  | <b>16,144,777</b>  | 10,571,676  | <b>24,052,182</b> | 19,106,399  |

## 5. SEGMENT INFORMATION

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

The Group's reportable and operating segments under HKFRS 8 are as follows:

- (a) Financial trading software solutions – development, sale and provision of financial trading software solutions with the principal products being trading and settlement systems of financial products for financial institutions;
- (b) Other internet financial platforms – provision of e-commerce platforms and other online consultancy services;
- (c) Referral – provision of referral services to source, identify and refer prospective deal opportunities to interested parties;
- (d) Money lending – provision of loan financing;
- (e) Securities investments – trading of listed securities; and
- (f) Corporate finance – provision of corporate finance advisory services.

## Segment revenue and results

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

### For the six months ended 30 June 2015

|                                 | Financial trading software solutions | Other internet financial platforms | Referral    | Money lending | Securities investments | Corporate finance | Elimination | Total       |
|---------------------------------|--------------------------------------|------------------------------------|-------------|---------------|------------------------|-------------------|-------------|-------------|
|                                 | HK\$                                 | HK\$                               | HK\$        | HK\$          | HK\$                   | HK\$              | HK\$        | HK\$        |
|                                 | (Unaudited)                          | (Unaudited)                        | (Unaudited) | (Unaudited)   | (Unaudited)            | (Unaudited)       | (Unaudited) | (Unaudited) |
| <b>Segment revenue</b>          |                                      |                                    |             |               |                        |                   |             |             |
| Revenue from external customers | 19,899,139                           | 808,000                            | 501,989     | 205,732       | 2,168,866              | 468,456           | -           | 24,052,182  |
| Inter-segment sales*            | -                                    | 71,000                             | -           | -             | -                      | 100,000           | (171,000)   | -           |
|                                 | 19,899,139                           | 879,000                            | 501,989     | 205,732       | 2,168,866              | 568,456           | (171,000)   | 24,052,182  |
| <b>Segment profit/(loss)</b>    | 7,638,943                            | (2,140,027)                        | (3,284,890) | 8,626         | 2,100,452              | (370,303)         | -           | 3,952,801   |
| Other income                    |                                      |                                    |             |               |                        |                   |             | 45,964      |
| Central administration costs    |                                      |                                    |             |               |                        |                   |             | (2,523,463) |
| Finance costs                   |                                      |                                    |             |               |                        |                   |             | (1,423,691) |
| Profit before tax               |                                      |                                    |             |               |                        |                   |             | 51,611      |

\* Inter-segment sales are conducted with reference to the prices charged to third parties.

For the six months ended 30 June 2014

|                                 | Financial trading software solutions | Other internet financial platforms | Referral    | Money lending | Securities investments | Corporate finance | Elimination | Total       |
|---------------------------------|--------------------------------------|------------------------------------|-------------|---------------|------------------------|-------------------|-------------|-------------|
|                                 | HK\$                                 | HK\$                               | HK\$        | HK\$          | HK\$                   | HK\$              | HK\$        | HK\$        |
|                                 | (Unaudited)                          | (Unaudited)                        | (Unaudited) | (Unaudited)   | (Unaudited)            | (Unaudited)       | (Unaudited) | (Unaudited) |
| <b>Segment revenue</b>          |                                      |                                    |             |               |                        |                   |             |             |
| Revenue from external customers | 15,356,801                           | -                                  | 3,516,442   | 93,156        | 140,000                | -                 | -           | 19,106,399  |
| <b>Segment profit/(loss)</b>    | 4,671,870                            | -                                  | (1,215,782) | 47,490        | 140,000                | -                 | -           | 3,643,578   |
| Other income                    |                                      |                                    |             |               |                        |                   |             | 85,266      |
| Share of loss of an associate   |                                      |                                    |             |               |                        |                   |             | (3,864)     |
| Central administration costs    |                                      |                                    |             |               |                        |                   |             | (1,736,508) |
| Profit before tax               |                                      |                                    |             |               |                        |                   |             | 1,988,472   |

*Note:* Fair value gains on financial assets at fair value through profit or loss of HK\$140,000 as presented in the interim report for the six months ended 30 June 2014 was reclassified as revenue as the Group considered securities investments as one of the principal activities of the Group for the year ended 31 December 2014. The reclassification is made to allow presenting the fair value gains on financial assets at fair value through profit or loss in conformity with the consolidated financial statements for the year ended 31 December 2014.

## Segment assets and liabilities

As at 30 June 2015

|                                       | Financial trading software solutions<br>HK\$<br>(Unaudited) | Other internet financial platforms<br>HK\$<br>(Unaudited) | Referral<br>HK\$<br>(Unaudited) | Money lending<br>HK\$<br>(Unaudited) | Securities investments<br>HK\$<br>(Unaudited) | Corporate finance<br>HK\$<br>(Unaudited) | Total<br>HK\$<br>(Unaudited) |
|---------------------------------------|---|---|---------------------------------|--------------------------------------|---|--|------------------------------|
| <b>Segment assets</b>                 | 10,449,143  | 2,521,388   | 2,108,851                       | 4,021,510                            | 6,969,500                                     | 23,524                                   | 26,093,916                   |
| Corporate and unallocated assets      |   |   |                                 |                                      |   |  | 150,906,945                  |
| Consolidated assets                   |   |   |                                 |                                      |   |  | 177,000,861                  |
| <b>Segment liabilities</b>            | 16,173,657  | 247,400   | 146,000                         | 13,000                               | -   | 21,544                                   | 16,601,601                   |
| Corporate and unallocated liabilities |   |   |                                 |                                      |   |  | 101,285,118                  |
| Consolidated liabilities              |   |   |                                 |                                      |   |  | 117,886,719                  |

As at 31 December 2014

|                                       | Financial trading software solutions<br>HK\$<br>(Audited) | Other internet financial platforms<br>HK\$<br>(Audited) | Referral<br>HK\$<br>(Audited) | Money lending<br>HK\$<br>(Audited) | Securities investments<br>HK\$<br>(Audited) | Corporate finance<br>HK\$<br>(Audited) | Total<br>HK\$<br>(Audited) |
|---------------------------------------|---|---|-------------------------------|------------------------------------|---|--|----------------------------|
| <b>Segment assets</b>                 | 13,819,858  | 7,485,283   | 2,044,296                     | 4,312,315                          | 9,265,212                                   | 23,872                                 | 36,950,836                 |
| Corporate and unallocated assets      |   |   |                               |                                    |   |  | 45,820,813                 |
| Consolidated assets                   |   |   |                               |                                    |   |  | 82,771,649                 |
| <b>Segment liabilities</b>            | 19,489,639  | 279,441   | 633,162                       | 35,550                             | -   | 23,000                                 | 20,460,792                 |
| Corporate and unallocated liabilities |   |   |                               |                                    |   |  | 2,044,330                  |
| Consolidated liabilities              |   |   |                               |                                    |   |  | 22,505,122                 |

## 6. FINANCE COSTS

|  | Three months ended |             | Six months ended |             |
|--|--------------------|-------------|------------------|-------------|
|  | 30 June            |             | 30 June          |             |
|  | 2015               | 2014        | 2015             | 2014        |
|  | HK\$               | HK\$        | HK\$             | HK\$        |
|  | (Unaudited)        | (Unaudited) | (Unaudited)      | (Unaudited) |
| Effective interest expense on loan notes | 1,423,691          | -           | 1,423,691        | -           |

## 7. INCOME TAX EXPENSE

|   | Three months ended |             | Six months ended |             |
|---|--------------------|-------------|------------------|-------------|
|   | 30 June            |             | 30 June          |             |
|   | 2015               | 2014        | 2015             | 2014        |
|   | HK\$               | HK\$        | HK\$             | HK\$        |
|   | (Unaudited)        | (Unaudited) | (Unaudited)      | (Unaudited) |
| Current tax                                   |                    |             |                  |             |
| – Hong Kong Profits Tax                       | 782,810            | 263,945     | 1,219,529        | 460,890     |
| Deferred tax                                  | (70,213)           | 128,485     | (11,711)         | 224,286     |
| Total income tax recognised in profit or loss | 712,597            | 392,430     | 1,207,818        | 685,176     |

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



## 8. PROFIT/(LOSS) FOR THE PERIOD

|  | Three months ended |             | Six months ended  |             |
|--|--------------------|-------------|-------------------|-------------|
|  | 30 June            |             | 30 June           |             |
|  | 2015               | 2014        | 2015              | 2014        |
|  | HK\$               | HK\$        | HK\$              | HK\$        |
|  | (Unaudited)        | (Unaudited) | (Unaudited)       | (Unaudited) |
| Profit/(loss) for the period has been arrived at after charging/(crediting): |                    |             |                   |             |
| Amortisation of intangible assets (included in cost of sales)                | <b>182,954</b>     | 67,701      | <b>299,770</b>    | 135,402     |
| Depreciation of property, plant and equipment                                | <b>348,626</b>     | 117,311     | <b>667,129</b>    | 207,248     |
| Dividend income from listed equity securities (included in revenue)          | –                  | –           | <b>(58,920)</b>   | –           |
| Operating lease payments in respect of rented premises                       | <b>1,097,307</b>   | 728,124     | <b>2,138,612</b>  | 1,302,501   |
| Employee benefits expense (Note):  |                    |             |                   |             |
| Salaries and other benefits  | <b>6,211,744</b>   | 4,769,915   | <b>11,885,581</b> | 9,407,208   |
| Contributions to retirement benefits scheme                                  | <b>218,280</b>     | 147,986     | <b>416,432</b>    | 299,918     |
| Total employee benefits expense, including directors' emoluments             | <b>6,430,024</b>   | 4,917,901   | <b>12,302,013</b> | 9,707,126   |
| Less: Amounts capitalised in development costs                               | <b>(98,728)</b>    | (846,397)   | <b>(570,103)</b>  | (1,494,710) |
|  | <b>6,331,296</b>   | 4,071,504   | <b>11,731,910</b> | 8,212,416   |

Note:

During the three months and six months ended 30 June 2015, total employee benefits expense amounted to HK\$2,396,729 (three months ended 30 June 2014: HK\$1,235,934) and HK\$3,891,016 (six months ended 30 June 2014: HK\$2,891,093) respectively was included in cost of sales and total employee benefits expense amounted to HK\$3,934,567 (three months ended 30 June 2014: HK\$2,835,570) and HK\$7,840,894 (six months ended 30 June 2014: HK\$5,321,323) respectively was included in administrative expenses.

## 9. DIVIDEND

The Board does not recommend the payment of any interim dividend in respect of the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

## 10. EARNINGS/(LOSS) PER SHARE

|   | Three months ended |             | Six months ended   |             |
|---|--------------------|-------------|--------------------|-------------|
|   | 30 June            |             | 30 June            |             |
|   | 2015               | 2014        | 2015               | 2014        |
|   | HK\$               | HK\$        | HK\$               | HK\$        |
|   | (Unaudited)        | (Unaudited) | (Unaudited)        | (Unaudited) |
| <b>Earnings/(loss)</b>  |                    |             |                    |             |
| Profit/(loss) for the period attributable to owners of the Company for the purpose of basic earnings/(loss) per share | <b>1,697,673</b>   | 1,440,392   | <b>(1,041,355)</b> | 1,303,296   |



## 12. TRADE AND OTHER RECEIVABLES

|   | 30 June<br>2015<br>HK\$<br>(Unaudited) | 31 December<br>2014<br>HK\$<br>(Audited) |
|---|--|--|
| Trade receivables   | 2,367,208                              | 11,631,467                               |
| Allowance for doubtful debt                                     | –                                      | –  |
|   | <b>2,367,208</b>                       | 11,631,467                               |
| Other receivables   | 177,656                                | 82,708                                   |
| Loan interest receivables                                       | 10,948                                 | –  |
| Deposits and prepayments  | 2,618,200                              | 2,262,650                                |
| Amount due from minority shareholders of<br>a subsidiary (Note) | 3,822                                  | –  |
|   | <b>5,177,834</b>                       | 13,976,825                               |

Note:

The amount due from minority shareholders of a subsidiary was unsecured, interest free and repayable on demand.

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

|               | 30 June<br>2015<br>HK\$<br>(Unaudited) | 31 December<br>2014<br>HK\$<br>(Audited) |
|---------------|--|--|
| 0 – 30 days   | 1,490,864                              | 9,075,172                                |
| 31 – 60 days  | 266,834                                | 1,434,205                                |
| 61 – 90 days  | 79,180                                 | 790,852                                  |
| 91 – 120 days | 89,494                                 | 168,638                                  |
| Over 120 days | 440,836                                | 162,600                                  |
| Total         | <b>2,367,208</b>                       | 11,631,467                               |

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.

### 13. LOAN RECEIVABLE

|   | <b>30 June<br/>2015<br/>HK\$<br/>(Unaudited)</b> | 31 December<br>2014<br>HK\$<br>(Audited) |
|---|--|--|
| Loan receivable from money lending business | <b>3,700,000</b>                                 | 4,000,000                                |

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

At 30 June 2015, loan receivable was charged on interest rate mutually agreed with the contracting party at 9.0% per annum, unsecured and entered with contractual maturity within 12 months. The loan receivable was neither past due nor impaired at the end of the reporting period.

### 14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

|                                       | <b>30 June<br/>2015<br/>HK\$<br/>(Unaudited)</b> | 31 December<br>2014<br>HK\$<br>(Audited) |
|---------------------------------------|--|--|
| Held-for-trading investments          |  |  |
| Equity securities listed in Hong Kong | <b>6,969,500</b>                                 | 9,265,212                                |

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

## 15. TRADE AND OTHER PAYABLES

|                             | <b>30 June<br/>2015<br/>HK\$<br/>(Unaudited)</b> | 31 December<br>2014<br>HK\$<br>(Audited) |
|-----------------------------|--|--|
| Trade payable               | –  | 400,000                                  |
| Receipts in advance         | <b>7,505,694</b>                                 | 9,719,278                                |
| Customers deposit           | <b>5,911,744</b>                                 | 5,118,330                                |
| Other payables and accruals | <b>3,547,115</b>                                 | 5,264,857                                |
|                             | <b>16,964,553</b>                                | 20,502,465                               |

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

|            | <b>2015<br/>HK\$<br/>(Unaudited)</b> | 2014<br>HK\$<br>(Audited) |
|------------|--------------------------------------|---------------------------|
| 31-60 days | –                                    | 400,000                   |

## 16. LOAN NOTES

On 18 May 2015, the Company issued 10% unsubordinated and unsecured notes due in 2017 (“Notes”) in the aggregate principal amount of HK\$100,300,000. The Notes carried an interest of 10% per annum payable quarterly in arrears.

|                        | <b>30 June<br/>2015<br/>HK\$<br/>(Unaudited)</b> | 31 December<br>2014<br>HK\$<br>(Audited) |
|------------------------|--|--|
| Loan notes – unsecured | <b>97,711,691</b>                                | –  |

## 17. SHARE CAPITAL

|   | Number of<br>shares | Share<br>capital<br>HK\$ |
|---|---------------------|--------------------------|
| <b>Authorised:</b>  |                     |                          |
| At 1 January 2014, ordinary shares of<br>HK\$0.01 each    | 1,000,000,000       | 10,000,000               |
| First Share Subdivision <i>(Note(i))</i>                  | 9,000,000,000       | –                        |
| At 31 December 2014, ordinary shares of<br>HK\$0.001 each | 10,000,000,000      | 10,000,000               |
| Second Share Subdivision <i>(Note(iii))</i>               | 10,000,000,000      | –                        |
| At 30 June 2015, ordinary shares of<br>HK\$0.0005 each    | 20,000,000,000      | 10,000,000               |
| <b>Issued and fully paid:</b>                             |                     |                          |
| At 1 January 2014, ordinary shares of<br>HK\$0.01 each    | 200,000,000         | 2,000,000                |
| First Share Subdivision <i>(Note(i))</i>                  | 1,800,000,000       | –                        |
| At 31 December 2014, ordinary shares of<br>HK\$0.001 each | 2,000,000,000       | 2,000,000                |
| Second Share Subdivision <i>(Note(iii))</i>               | 2,000,000,000       | –                        |
| At 30 June 2015, ordinary shares of<br>HK\$0.0005 each    | 4,000,000,000       | 2,000,000                |

*Notes:*

- (i) Pursuant to the ordinary resolution passed by the shareholders of the Company at the extraordinary general meeting held on 30 April 2014, a share subdivision was approved with effect from 2 May 2014 in which every one (1) share issued and unissued ordinary share of HK\$0.01 each in the share capital of the Company were subdivided into ten (10) subdivided shares having a par value of HK\$0.001 per subdivided share ("First Share Subdivision"). Immediately after the First Share Subdivision, the authorised share capital of the Company of HK\$10,000,000 was divided into 10,000,000,000 subdivided shares, of which 2,000,000,000 subdivided shares were issued and fully paid.
- (ii) Pursuant to the ordinary resolution passed by the shareholders of the Company at an extraordinary general meeting held on 16 February 2015, a share subdivision was approved with effect from 17 February 2015 in which every one (1) share issued and unissued ordinary share of HK\$0.001 each in the share capital of the Company were subdivided into two (2) subdivided shares having a par value of HK\$0.0005 per subdivided share ("Second Share Subdivision"). Immediately after the Second Share Subdivision, the authorised share capital of the Company of HK\$10,000,000 was divided into 20,000,000,000 subdivided shares, of which 4,000,000,000 subdivided shares were issued and fully paid.

## 18. SIGNIFICANT RELATED PARTY TRANSACTIONS

Save as disclosed in the unaudited condensed consolidated financial statements, the Group entered into the following significant related party transactions during the three months and six months ended 30 June 2015 and 30 June 2014 respectively:

### Compensation of key management personnel

|   | Three months ended |             | Six months ended |             |
|---|--------------------|-------------|------------------|-------------|
|   | 30 June            |             | 30 June          |             |
|   | 2015               | 2014        | 2015             | 2014        |
|   | HK\$               | HK\$        | HK\$             | HK\$        |
|   | (Unaudited)        | (Unaudited) | (Unaudited)      | (Unaudited) |
| Salaries and short-term employee benefits | <b>714,473</b>     | 666,000     | <b>1,410,376</b> | 1,330,994   |
| Post-employment benefits                  | <b>9,000</b>       | 8,000       | <b>18,000</b>    | 15,621      |
|   | <b>723,473</b>     | 674,000     | <b>1,428,376</b> | 1,346,615   |



## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

#### Overview

The Group is principally engaged in the provision of financial trading software solutions, provision of other internet financial platforms, provision of referral services, money lending business, securities investments and provision of corporate finance advisory services. For the six months ended 30 June 2015, the Group recorded a total revenue of approximately HK\$24,052,000 (six months ended 30 June 2014: approximately HK\$19,106,000 (restated)).

#### Provision of Financial Trading Software Solutions

The financial trading software solutions business division recorded a segment revenue from the external customers of approximately HK\$19,899,000 for the six months ended 30 June 2015 (six months ended 30 June 2014: approximately HK\$15,357,000), representing an increase of approximately HK\$4,542,000 or 29.58%. The delighted increase in segment revenue was mainly contributed by (i) the official launch of Shanghai-Hong Kong Stock Connect in the fourth quarter of 2014; (ii) the increase in subscription of the new cloud computing technology service, i.e. iEasy, by customers, since the third quarter of 2014; and (iii) the upgrade of securities front office system market access interface from Open Gateway to Orion Central Gateway since the third quarter of 2014.

To grasp the emerging opportunities in this changing environment, iAsia Online Systems Limited ("iAsia"), the core operating subsidiary of this business division, continued its effort in the enhancement of existing products and development of new products. The development work for iOS version of the Mobile App for retail investors and order management system ("OMS") (namely "Connect-X") was completed and launched to the market in March 2015 and May 2015 respectively. Details of the development and enhancement progress of the new and existing products are set out in the section headed "Comparison Between Business Plans and Actual Business Progress" on pages 31 to 32 of this report.

#### Provision of Other Internet Financial Platforms

For the Period, the other internet financial platforms business division contributed a segment revenue of HK\$808,000 (six months ended 30 June 2014: Nil) from its financial platforms which were operated in Hong Kong.

In view of increasing demand for corporate and personal loans and the increasing popularity in using mobile device applications, "LENDWISE", the instant B2C (Business to Customer)/O2O (Online to Offline) money lending platform connecting licensed money lending companies in Hong Kong and potential borrowers, was officially launched to the market in April 2015. The Group has entered into service agreements with several licensed money lending companies in Hong Kong for services of LENDWISE during the Period.

In late 2014, the Group has commenced a project on developing an integrated fund administration and portfolio analysis management system ("Fund Platform") in Hong Kong. During the Period, the system development of the backend system of the Fund Platform was substantially completed and under user acceptance test, while the frontend system was under development with basic functions of the system completed. In the second half of 2015, the backend system will be fine-tuned according to user's requirement, and more advanced functions will be included in the frontend system.

### ***Provision of Referral Services***

During the Period, the referral business division team worked closely with the corporate finance advisory business division team in exploring new business opportunities, identifying quality investments with good potentials for clients and expanding the cross-segment client base. Revenue of approximately HK\$502,000 (six months ended 30 June 2014: approximately HK\$3,516,000) was generated from this business division for the Period.

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

For the Period, revenue derived from the money lending business division amounted to approximately HK\$206,000 (six months ended 30 June 2014: approximately HK\$93,000). The interest rate charged to customers during the Period ranged from 8.5% to 9.0% per annum. No default event occurred as of 30 June 2015 and the date of this report and no provision for the impairment of loan receivable was considered necessary during the Period. The Group will continue to develop and expand its money lending business with prudent credit control procedure in order to safeguard its capital, with business development strategies to strike a balance between business growth and risk management.

## ***Securities Investments***

The Group maintains a prudent investment approach in listed securities investment. During the Period, the securities investments business division recorded net fair value gain on financial assets at fair value through profit or loss of approximately HK\$2,169,000 (six months ended 30 June 2014: HK\$140,000 (restated)). The Group will continue to seek investment opportunities to enhance the return to shareholders.

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

The Group commenced its business of advising on corporate finance in early November 2014 to provide corporate finance advisory and related services to its clients upon obtaining the Type 6 Licence from the Securities and Futures Commission of Hong Kong ("SFC") to carry out Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance ("SFO") (Cap. 571 of the Laws of Hong Kong) in late October 2014. The Group has successfully entered into certain service contracts with the clients for this business division since January 2015 and this business division contributed a segment revenue from the external customers of approximately HK\$468,000 (six months ended 30 June 2014: Nil) for the Period.

## **Financial Review**

### ***Revenue***

Revenue of the Group for the Period was approximately HK\$24,052,000 (six months ended 30 June 2014: approximately HK\$19,106,000 (restated)), representing an increase of approximately HK\$4,946,000 or 25.89% as compared with that of the corresponding period in 2014. The increase in revenue was mainly due to the net effect of (i) the increase in the revenue from the financial trading software solutions business of approximately HK\$4,542,000; (ii) the decrease in revenue from the referral business segment of approximately HK\$3,014,000; and (iii) the increase in net fair value gain from securities investment of approximately HK\$2,029,000.

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

Gross profit of the Group for the Period was approximately HK\$18,104,000 (six months ended 30 June 2014: approximately HK\$14,914,000 (restated)), representing an increase of approximately 21.39% as compared with that of the corresponding period in 2014. Gross profit margin of the Group for the Period was approximately 75.27% (six months ended 30 June 2014: approximately 78.06%).

### ***Administrative expenses***

The Group's administrative expenses for the Period amounted to approximately HK\$16,657,000 (six months ended 30 June 2014: approximately HK\$13,020,000), representing an increase of approximately HK\$3,637,000 or 27.93% as compared with that of the corresponding period in 2014. The significant increase was primarily attributable to the combined effect of (i) the increase in administrative staff costs of approximately HK\$2,520,000; (ii) the increase in consultancy fees of approximately HK\$440,000; and (iii) the increase in rental expenses of approximately HK\$836,000 mainly due to rental expenses incurred by new business divisions during the Period.

### ***Loss and total comprehensive expense for the Period***

The Group incurred a net loss and total comprehensive expense of approximately HK\$1,156,000 (six months ended 30 June 2014: a net profit and total comprehensive income of approximately HK\$1,303,000) for the Period. The net loss and total comprehensive expense of the Group as compared with the net profit and total comprehensive income of the corresponding period in 2014 was mainly attributable to the combined effect of the following: (i) the interest expenses on the loan notes in an aggregate principal amount of HK\$100,300,000 issued by the Company on 18 May 2015 of approximately HK\$1,424,000 incurred in the Period; and (ii) the increase in administrative expenses, which was mainly attributable to the administrative staff costs and operating lease expenses in respect of rented premises from the new business divisions, of approximately HK\$3,637,000 during the Period.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2015, the Group held cash and cash equivalents of approximately HK\$150,495,000 (31 December 2014: approximately HK\$45,321,000). All of the Group's cash and cash equivalents were denominated in Hong Kong dollars. Net current assets amounted to approximately HK\$49,487,000 (31 December 2014: approximately HK\$51,101,000). Current ratio (defined as total current assets divided by total current liabilities) was approximately 1.42 times (31 December 2014: approximately 3.38 times).

As at 30 June 2015, the Group had outstanding loan notes of approximately HK\$97,712,000 (31 December 2014: Nil) which represent the Hong Kong dollars denominated loan notes at fixed interest rate and due in May 2017. The gearing ratio of the Group (defined as total borrowings divided by total assets) was approximately 0.55 times (31 December 2014: N/A).

## FOREIGN EXCHANGE EXPOSURE

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

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arises.

## CONTINGENT LIABILITIES

As at 30 June 2015, the Group did not have any contingent liabilities (31 December 2014: Nil).

## CAPITAL COMMITMENTS

As at 30 June 2015, the Group did not have any significant capital commitments (31 December 2014: Nil).

## CHARGES ON THE GROUP'S ASSETS

As at 30 June 2015, the Group did not have any material charges on assets (31 December 2014: Nil).

## CAPITAL STRUCTURE

### Share Subdivisions and Change of Board Lot Size

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

On 31 December 2014, the Board proposed that every one (1) issued and unissued First-subdivided Share be further subdivided into two (2) subdivided shares ("Shares") of HK\$0.0005 each ("Second Share Subdivision"). The Second Share Subdivision was approved by the Shareholders at the extraordinary general meeting of the Company held on 16 February 2015 ("2015 EGM") and became effective on 17 February 2015. Upon the Second Share Subdivision becoming effective, the board lot size remains unchanged and the Shares have been trading in board lots of 5,000 Shares. Details of the Second Share Subdivision are set out in the Company's announcement, circular and poll result announcement of the 2015 EGM dated 31 December 2014, 29 January 2015 and 16 February 2015 respectively.

### **Disposal of Shares of the Company by the Controlling Shareholder**

On 31 March 2015, the Company was informed by Mr. Chan Sek Keung, Ringo, the non-executive Director and chairman of the Board ("Chairman") and Luster Wealth Limited ("Luster Wealth"), the controlling shareholder of the Company (as defined in the GEM Listing Rules), that on 31 March 2015, Luster Wealth disposed of 64,112,500 Shares ("Sale Shares", each a "Sale Share") to a third party who and whose ultimate beneficial owner are independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules) at HK\$0.45 per Sale Share ("Disposal"). Immediately before the Disposal, Luster Wealth held an aggregate of 2,328,225,000 Shares of the Company, representing approximately 58.21% of the issued share capital of the Company. Immediately after completion of the Disposal, Luster Wealth held an aggregate of 2,264,112,500 Shares, representing approximately 56.60% of the issued share capital of the Company. Details of the Disposal are set out in the Company's announcement dated 31 March 2015.

### **Capital Management**

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern and maximise the return to shareholders through the optimisation of the debt and equity balance.

A subsidiary of the Group is licensed with the SFC for the business it engages in. The Group's licensed subsidiary is subject to liquid capital requirements under the Securities and Futures (Financial Resources) Rules ("SF(FR)R") (Chapter 571N of the Laws of Hong Kong). Under SF(FR)R, the licensed subsidiary must maintain a liquid capital (assets and liabilities adjusted as determined by SF(FR)R) in excess of HK\$100,000 or 5% of its total adjusted liabilities, whichever is higher. The management closely monitors, on a daily basis, the liquid capital level of that licensed subsidiary to ensure compliance with the minimum liquid capital requirements under the SF(FR)R.

The Directors review the capital structure on a regular basis. As part of such review, the directors consider the cost of capital and the risks associated with each class of capital. The Group seeks to balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. For the licensed subsidiary, the Group ensures it will maintain a liquid capital level adequate to support the level of activities with sufficient buffer to accommodate for increases in liquidity requirements arising from potential increases in the level of business activities.

The capital structure of the Group consists of debts (which include loan notes) and equity attributable to owners of the Company (comprising issued share capital and reserves).

### Issue of Loan Notes

On 10 April 2015, the Board proposed the placing of the 10% per annum notes ("Loan Notes") in an aggregate principal amount of up to HK\$200,000,000 maturing on the day immediately preceding the second anniversary of the date of issue of the Loan Notes (or where such day is not a business day, the immediately following business day) at the placing price equal to 100% of the principal amount of the Loan Notes ("Placing"). The placing period for the Placing commenced on 11 April 2015. On 18 May 2015, the Loan Notes in an aggregate principal amount of HK\$100,300,000 were issued and the net proceeds was approximately HK\$96,200,000 ("Notes Net Proceeds"), which was intended to be used to finance the Group's obligation to pay the registered capital of a wholly-owned subsidiary ("Qianhai Subsidiary") of the Company to be established in Qianhai, Shenzhen, the People's Republic of China ("PRC"). The placing period for the Placing ended on 10 June 2015 and as the Company had not received any notice from the placing agents for further issue of the Loan Notes, no additional Loan Notes would be issued by the Company under the Placing.

Since the Group's application for establishment of the Qianhai Subsidiary (with the business scope of, among others, financial intermediary services and development and operation of internet financial services platform) was not approved by the relevant authority of the PRC and accordingly, the intended use of the Notes Net Proceeds has been changed and is intended to be used for funding the Group's money lending business in Hong Kong and future potential acquisitions, investments and treasury management purposes as at the date of this report.

Details of the above are set out in the Company's announcements dated 10 April 2015, 18 May 2015, 11 June 2015 and 23 July 2015.

## SIGNIFICANT AND POTENTIAL INVESTMENTS

On 14 May 2015, the Company entered into a framework agreement (“Framework Agreement”) with the following three parties (“Prospective Business Partners”), namely 深圳市鑽石毛坯交易中心有限公司 (in English translation as “Shenzhen City Rough Diamond Trading Centre Company Limited”), 深圳市中非鑽石股份有限公司 (in English translation as “Shenzhen Sino-African Diamond Company Limited”) and 深圳市水貝珠寶有限公司 (in English translation as “Shenzhen City Shuibei Jewel Company Limited”), pursuant to which the Company and the Prospective Business Partners would establish a cross-border strategic alliance in relation to the provision of financial services for transactions relating to diamond (“Diamond Transactions”), with an aim to developing innovative financial services and trading method for the Diamond Transactions.

The Group applied for the establishment of the Qianhai Subsidiary which was intended to assist the Group to perform its obligations under the Framework Agreement and the cooperation contemplated thereunder.

However, the application for establishment of the Qianhai Subsidiary was not approved by the relevant authority of the PRC and accordingly, the Group will divert the resources for financing the Group’s obligation to pay up the registered capital of the Qianhai Subsidiary to the Group’s money lending business in Hong Kong and future potential acquisitions, investments and treasury management purposes.

Details of the Framework Agreement and establishment of Qianhai Subsidiary are set out in the Company’s announcements dated 14 May 2015 and 23 July 2015.

## CHANGE OF COMPANY NAME

On 22 April 2015, the board proposed the change of the name of the Company (“Change of Company Name”) such that the existing English name of the Company be changed from “Finsoft Corporation” to “Finsoft Financial Investment Holdings Limited” and that the existing dual foreign name of the Company in Chinese “匯財軟件公司” be removed and “匯財金融投資控股有限公司” be adopted as the new Chinese name of the Company for identification purpose only. On 4 June 2015, a special resolution at an extraordinary general meeting of the Company was duly passed by the Shareholders to approve the Change of Company Name. The Registrar of Companies in the Cayman Islands issued the Certificate of Incorporation on Change of Name and the Registrar of Companies in Hong Kong issued the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company on 8 June 2015 and 16 July 2015 respectively. The Director considers that the Change of Company Name could better reflect the business coverage of the Group and provide the Company with a new corporate image and identity. Details of the Change of Company Name are set out in the Company’s announcements dated 22 April 2015 and 29 July 2015 and the Company’s circular dated 12 May 2015.



## DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

## COMPARISON BETWEEN BUSINESS PLANS AND ACTUAL BUSINESS PROGRESS

The following is a comparison between the Group's business plans as set out in the prospectus of the Company dated 18 September 2013 ("Prospectus") and the Group's actual business progress for the Period:

### As at 30 June 2015:

#### Business plans

#### Actual business progress

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

#### (i) *New products*

- Integrate and embed the interface into the Algorithmic Trading System ("ATS") in order to place orders for securities traded on the Stock Exchange, and include more trading strategies into the ATS.
- To meet the market needs, the research and development team has modified the strategies of the development of ATS for trading futures products during the Period. The modified ATS, namely Futures Institution, is currently undergoing the fine-tuning and performance testings and is targeted to be launched to market in the third quarter of 2015.
- Conduct feasibility study of extending the Mobile App for Tablet and the Mobile App for Retail Investors to Windows 8 platform.
- The extension of Mobile App to Windows 8 platform was on hold due to the low popularity of Windows in mobile application.

- Conduct preparation work for building the order routing network of the OMS, such as sourcing of hardware and data centre, conduct pilot run for the OMS, and launch the OMS and the relevant order routing network.
- The OMS, namely Connect-X, was officially launched in May 2015.

*(ii) Existing products*

- Launch the enhanced version of the Securities Front Office System for banking sector.
- The development of the enhanced system security to meet the compliance requirements of the Hong Kong Monetary Authority was completed in 2014 and the enhanced version was launched to the market in March 2015.
- Launch the enhanced version of the Securities Back Office System for banking sector.
- The development of the two enhancements including (i) the incorporation of client relationship management system for client data sharing; and (ii) the synchronisation between back office systems was completed in 2014 and the enhanced version was launched to the market in March 2015.

**2. Expanding the customer base**

- Arrange community service for participation of the Group's staff to promote corporate social responsibility and brand image.
- To further introduce Connect-X to existing customers and non-customers, iAsia diverted the human resources to hold a seminar in April 2015. The Group will take part in community services in the near future.

## PRINCIPAL RISKS AND UNCERTAINTIES

### Operational Risk

The Group is exposed to the operational risk in relation to each business division of the Group. To manage the operational risk, the management of each business division is responsible for monitoring the operation and assessing the operational risk of their respective business divisions. They are responsible for implementing the Group's risk management policies and procedures and shall report any irregularities in connection with the operation of the projects to the Directors and seek directions. The Group emphasises on ethical value and prevention of fraud and bribery and has established a whistleblower program, including communication with other departments and business divisions and units, to report any irregularities since March 2013. In this regard, the Directors consider that the Group's operational risk is effectively mitigated.

### Financial Risks

The Group is exposed to the credit risk, liquidity risk and market risk, particularly, the equity price risk.

### Credit Risk

In order to minimise the credit risk, the Directors closely monitor the overall level of credit exposure and the management is responsible for determination of credit approvals and monitoring the implementation of the collection procedure to ensure that follow-up actions are taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

### Liquidity Risk

The Directors has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In this regard, the Directors consider that the Group's liquidity risk is effectively managed.

## Market Risk

The Group is exposed to the market risk, particularly, the equity price risk mainly through its investment in listed equity securities. The management manages this exposure by closely monitoring the price movements and the changes in market conditions that may affect the value of these investments. In this regard, the Directors consider that the Group's market risk is effectively mitigated.

## USE OF PROCEEDS FROM THE PLACING

The Company was listed on the GEM of the Stock Exchange by way of Placing (as defined in the Prospectus) on 26 September 2013. Based on the Placing Price of HK\$0.82 per Placing Share (as defined in the Prospectus), the proceeds raised from the Placing amounted to approximately HK\$28.6 million, net of underwriting fees and other related expenses.

The following table sets forth a breakdown of the use of net proceeds applied by the Group from the Latest Practicable Date (as defined in the Prospectus) up to 30 June 2015:

|  | <b>Planned<br/>amount<br/>for use up<br/>to 30 June<br/>2015<br/>as stated<br/>in the<br/>Prospectus<br/>(and as<br/>adjusted)</b> | <b>Actual<br/>amount<br/>utilised<br/>up to<br/>30 June<br/>2015</b> | <b>Actual<br/>balance<br/>as at<br/>30 June<br/>2015</b> |
|--|--|--|--|
|  | <i>HK\$ million</i>  | <i>HK\$ million</i>  | <i>HK\$ million</i>                                      |
| <b>Use of net proceeds</b>   |  |  |  |
| Enhancing product development<br>by developing new products and<br>improving its existing products | 12.3   | 12.3   | -  |
| Expanding the customer base  | 2.5  | 2.5  | -  |
| Possible acquisition of an IT company<br><i>(Note)</i>   | 1.2  | 1.2  | -  |
| General working capital <i>(Note)</i>  | 12.6   | 12.6   | -  |
| <b>Total</b>   | <b>28.6</b>  | <b>28.6</b>  | <b>-</b>   |

*Note:*

As disclosed in the Company's announcement dated 26 November 2014, the Board has resolved to change ("Adjustment") the use of entire unutilised amount of approximately HK\$11.8 million originally allocated for the possible acquisition of an IT company as general working capital of the Group for the financial trading software solutions business segment as well as the new business segments comprising the provision of other internet financial platforms, provision of referral services, money lending business, securities investments and provision of corporate financial advisory services.

## **MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES**

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

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save for the investment plans as disclosed under the section headed "Significant and Potential Investments" in this report, as at the date of this report, the Group does not have any other concrete plans for material investments or capital assets in the coming future. Nonetheless, if any acquisition opportunity arises and is identified, the Group will conduct a feasibility study and prepare implementation plans to consider whether it is beneficial to the Group and its shareholders as a whole.

## **EMPLOYEE AND REMUNERATION POLICY**

As at 30 June 2015, the Group had 64 employees (31 December 2014: 57). The Group continues to maintain and upgrade the capability of its workforce by providing them with adequate and regular training. The Group remunerates its employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group's performance as well as individual's performance.

## OUTLOOK

Integrations of internet and traditional businesses are strongly promoted in the PRC since the “Internet Plus” strategy was mentioned in the “Report on the Work of Government” during the National People’s Congress in 2015. The Group expects internet finance and financial technology will remain the core of our future business development and generate synergies with our existing businesses.

Successful implementation of Shanghai – Hong Kong Stock Connect raised the number of securities trading transactions in both Hong Kong and the PRC stock markets. In addition, the long-awaited Shenzhen – Hong Kong Stock Connect is expected to commence in a sooner future. These encouraging factors provide a favourable business environment to the Group. We are confident in upgrading our existing products and developing new products that meet the demand of our existing customers and potential customers.

Upon launching LENDWISE, borrowers and lenders enjoy a more convenient and comprehensive money lending experience. The Group will seek more partnerships with Hong Kong licensed crediting companies to cater for the market needs. Moreover, the Group remains optimistic in other business divisions including the money lending business, securities investments and provision of corporate finance advisory services.

Currently all of the business of the Group is operated in Hong Kong. Looking ahead, the Group will continue to focus on its existing business in Hong Kong and at the same time to seek and evaluate high growth potential opportunities in the internet finance and financial technology industry not only in Hong Kong but also in the PRC and other regions to generate greater value to shareholders.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

#### (I) Long position in the ordinary shares and underlying shares of the company

| Name of Director                                     | Capacity/Nature                    | Number of Shares held/interested | Approximate percentage of shareholding |
|--|------------------------------------|----------------------------------|--|
| Mr. Chan Sek Keung, Ringo ("Mr. Chan") <i>(Note)</i> | Interest in controlled corporation | 2,264,112,500                    | 56.60%                                 |
| Mr. Lawrence Tang                                    | Beneficial owner                   | 7,300,000                        | 0.18%                                  |

*Note:*

These 2,264,112,500 Shares are held by Luster Wealth. Mr. Chan, the non-executive Director and Chairman beneficially owns 100% of the issued share capital of Woodstock Management Limited ("Woodstock"), which in turn owns approximately 89.87% of the issued share capital of Luster Wealth. Therefore, Mr. Chan is deemed, or taken to be, interested in all the Shares held by Luster Wealth for the purpose of the SFO. Mr. Chan is the sole director of each of Luster Wealth and Woodstock. As at 30 June 2015, Mr. Li Hoi Kong ("Mr. Li"), an executive Director, owned approximately 7.75% of the issued share capital of Luster Wealth.

## (II) Long position in the ordinary shares of associated corporations

| <b>Name of Director</b> | <b>Name of associated corporation</b> | <b>Capacity/Nature</b>             | <b>Number of share(s) held/ interested</b> | <b>Approximate percentage of shareholding</b> |
|-------------------------|---------------------------------------|------------------------------------|--|---|
| Mr. Chan                | Woodstock                             | Beneficial owner                   | 1  | 100%  |
| Mr. Chan                | Luster Wealth                         | Interest in controlled corporation | 754  | 89.87%  |
| Mr. Li                  | Luster Wealth                         | Beneficial owner                   | 65   | 7.75%   |

Save as disclosed above, as at 30 June 2015, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, notified to the Company and the Stock Exchange.



## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to the Directors, as at 30 June 2015, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

### Long position in ordinary shares and underlying shares of the company

| Name of shareholder         | Capacity/Nature                    | Number of Shares held/interested | Approximate percentage of shareholding |
|-----------------------------|------------------------------------|----------------------------------|--|
| Luster Wealth <i>(Note)</i> | Beneficial owner                   | 2,264,112,500                    | 56.60%                                 |
| Woodstock <i>(Note)</i>     | Interest in controlled corporation | 2,264,112,500                    | 56.60%                                 |

*Note:*

These 2,264,112,500 Shares are held by Luster Wealth, which in turn is owned as to approximately 89.87% by Woodstock. Therefore, Woodstock is deemed, or taken to be, interested in all the Shares held by Luster Wealth for the purpose of the SFO.

Save as disclosed above, as at 30 June 2015, the Directors are not aware of any other persons (not being a Director or chief executive of the Company) who have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

## DIRECTORS' SECURITIES TRANSACTIONS

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

## CORPORATE GOVERNANCE

During the Period, the Company has complied with all the applicable code provisions 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 is performed by Mr. Chan but the office of the chief executive officer of the Company is vacated. However, the Board will keep reviewing the current structure of the Board from time to time and should candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post as appropriate.

## COMPETING INTERESTS

Mr. Tai Man Hin, Tony, ("Mr. Tai") an independent non-executive Director retired with effect from the conclusion of the annual general meeting of the Company held on 5 May 2015, was also an independent non-executive director of First Credit Finance Group Limited ("First Credit") (stock code: 8215), which is a company listed on the GEM of the Stock Exchange, during his tenure. First Credit and its subsidiaries are principally engaged in money lending business.

Save as disclosed above, as at 30 June 2015, none of the Directors, the controlling shareholders of the Company 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 conflict of interest which such person has or may have with the Group.

## INTERESTS OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Ample Capital Limited, as at 30 June 2015, except for the compliance adviser agreement entered into between the Company and Ample Capital Limited dated 17 September 2013, neither Ample Capital Limited nor its directors, employees or close associates (as defined in the GEM Listing Rules) had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

## CHANGE OF DIRECTORS AND COMPOSITION OF BOARD COMMITTEES

With effect from 23 March 2015, (i) Mr. Chan Yee Por, Simon was appointed as an independent non-executive Director, the chairman of the audit committee of the Board ("Audit Committee") and the chairman of the non-competition review committee of the Board ("Non-Competition Review Committee"); (ii) Mr. Cheng Wen was appointed as an independent non-executive Director and a member of each of the Audit Committee, Non-Competition Review Committee and the compliance committee of the Board ("Compliance Committee"); (iii) Mr. Tai ceased to be the chairman of each of the Audit Committee and Non-Competition Review Committee but remained as a member of each of the Audit Committee and Non-Competition Review Committee until the Retirement (as defined below); and (iv) Ms. Law Hau Yan ceased to be a member of the Compliance Committee but remains as the finance manager of iAsia. Details of the above changes are set out in the Company's announcement dated 23 March 2015.

At the annual general meeting of the Company held on 5 May 2015 ("2015 AGM"), Mr. Tai did not offer himself for re-election due to his other commitments which required more of his time and retired as an independent non-executive Director upon conclusion of the 2015 AGM ("Retirement"). Details of the above changes are set out in the Company's circular and announcement dated 27 March 2015 and 5 May 2015 respectively.

With effect from 24 June 2015, (i) Mr. Chan Yee Por, Simon resigned as an independent non-executive Director, the chairman of the Audit Committee and the chairman of the Non-Competition Review Committee; and (ii) Mr. Lam Kai Yeung was appointed as an independent non-executive Director, the chairman of the Audit Committee and the chairman of the Non-Competition Review Committee. Details of the above changes are set out in the Company's announcement dated 24 June 2015.

## AUDIT COMMITTEE

The Board established the Audit Committee on 10 September 2013 with written terms of reference in accordance with the code provisions set out in the CG Code which are posted on the websites of the GEM of the Stock Exchange and of 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. As at the date of this report, the chairman of the Audit Committee is Mr. Lam Kai Yeung and other members include Ms. Lee Kwun Ling, May Jean, Mr. Yuen Shiu Wai and Mr. Cheng Wen, 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**  
**Chan Sek Keung, Ringo**  
*Chairman*

Hong Kong, 10 August 2015

*As at the date of this report, the Board consists of Mr. Li Hoi Kong and Mr. Lawrence Tang being the executive Directors, Mr. Chan Sek Keung, Ringo being the non-executive Director and Chairman and Ms. Lee Kwun Ling, May Jean, Mr. Yuen Shiu Wai, Mr. Cheng Wen and Mr. Lam Kai Yeung being the independent non-executive Directors.*