

INTERIM REPORT
2016

FINSOFT FINANCIAL INVESTMENT HOLDINGS LIMITED

匯財金融投資控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 8018

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

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This report, for which the directors (the “Directors”, each a “Director”) of Finsoft Financial Investment Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this 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 (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and six months ended 30 June 2016, together with the unaudited comparative figures for the corresponding periods in 2015, as follows:

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

For the three months and six months ended 30 June 2016

	Notes	Three months ended 30 June		Six months ended 30 June	
		2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Revenue	4	13,746,312	16,144,777	39,333,050	24,052,182
Cost of sales		(3,767,433)	(3,497,899)	(7,836,434)	(5,947,708)
Gross profit		9,978,879	12,646,878	31,496,616	18,104,474
Other income	6	3,394	5,697	41,802	48,719
Other gains and losses	6	3,761,932	–	1,700,536	(20,667)
Administrative expenses		(10,894,275)	(8,896,884)	(23,850,278)	(16,657,224)
Finance costs	7	(2,535,466)	(1,423,691)	(6,063,514)	(1,423,691)
Share of profit of an associate		169,061	–	1,473,860	–
Share of loss of a joint venture		(836,981)	–	(1,408,095)	–
Profit/(loss) before tax	8	(353,456)	2,332,000	3,390,927	51,611
Income tax expense	9	(867,330)	(712,597)	(2,725,907)	(1,207,818)
Profit/(loss) and total comprehensive income/(loss) for the period		(1,220,786)	1,619,403	665,020	(1,156,207)
Profit/(loss) and total comprehensive income/(loss) for the period attributable to:					
Owners of the Company		(1,879,012)	1,697,673	(81,671)	(1,041,355)
Non-controlling interests		658,226	(78,270)	746,691	(114,852)
		(1,220,786)	1,619,403	665,020	(1,156,207)
			(Restated)		(Restated)
Earnings/(loss) per share					
– Basic and diluted (HK cents per share)	11	(0.324)	0.424	(0.016)	(0.260)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

		30 June	31 December
		2016	2015
		HK\$	HK\$
	<i>Notes</i>	(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment	12	2,129,487	2,920,492
Investment properties	21	26,200,000	–
Goodwill		955,002	1,872,978
Intangible assets		4,637,095	5,722,164
Investment in an associate		21,335,999	19,862,139
Investment in a joint venture	13	38,187,825	–
Available-for-sale investments	14	9,914,940	20,500,000
Total non-current assets		103,360,348	50,877,773
Current assets			
Intangible assets		–	2,932,000
Trade and other receivables, deposits and prepayments	15	12,564,734	13,817,686
Loans receivable	16	500,000	26,200,000
Financial assets at fair value through profit or loss	17	27,188,220	12,671,740
Cash and cash equivalents		72,648,176	78,111,106
Total current assets		112,901,130	133,732,532
Current liabilities			
Trade and other payables and accruals	18	27,456,387	31,489,967
Current tax liabilities		6,107,281	2,565,045
Loan notes	19	19,227,174	99,957,082
Contingent consideration payable		–	3,331,166
Total current liabilities		52,790,842	137,343,260

	30 June	31 December
	2016	2015
	HK\$	HK\$
<i>Notes</i>	(Unaudited)	(Audited)
Net current assets/(liabilities)	60,110,288	(3,610,728)
Total assets less current liabilities	163,470,636	47,267,045
Non-current liabilities		
Deferred tax liabilities	830,286	1,493,102
Net assets	162,640,350	45,773,943
Capital and reserves		
Share capital	3,600,000	2,000,000
Reserves	153,321,667	42,560,059
Equity attributable to owners of the Company	156,921,667	44,560,059
Non-controlling interests	5,718,683	1,213,884
Total equity	162,640,350	45,773,943

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to owners of the Company						Attributable to non-controlling interests	Total
	Share capital	Share premium	Merger reserve	Capital reserve	Retained profits	Subtotal		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 January 2015 (Audited)	2,000,000	34,609,605	77,794	-	23,579,128	60,266,527	-	60,266,527
Loss and total comprehensive loss for the period (Unaudited)	-	-	-	-	(1,041,355)	(1,041,355)	(114,852)	(1,156,207)
Change in ownership interests in subsidiaries without change of control (Unaudited)	-	-	-	-	42,537	42,537	(38,715)	3,822
At 30 June 2015 (Unaudited)	2,000,000	34,609,605	77,794	-	22,580,310	59,267,709	(153,567)	59,114,142
At 1 January 2016 (Audited)	2,000,000	34,609,605	77,794	-	7,872,660	44,560,059	1,213,884	45,773,943
Profit/(loss) and total comprehensive income/(loss) for the period (Unaudited)	-	-	-	-	(81,671)	(81,671)	746,691	665,020
Shares issued (Unaudited) (note 20)	1,600,000	116,160,000	-	-	-	117,760,000	-	117,760,000
Shares issuing expenses (Unaudited)	-	(5,383,708)	-	-	-	(5,383,708)	-	(5,383,708)
Disposal of a subsidiary (Unaudited) (note 22)	-	-	-	-	-	-	103,095	103,095
Capital contribution from non-controlling interests (Unaudited)	-	-	-	-	-	-	222,000	222,000
Change in ownership interests in subsidiaries without change of control (Unaudited) (note)	-	-	-	66,987	-	66,987	3,433,013	3,500,000
At 30 June 2016 (Unaudited)	3,600,000	145,385,897	77,794	66,987	7,790,989	156,921,667	5,718,683	162,640,350

Note: On 12 May 2016, the Company's then indirect wholly-owned subsidiary, namely Wise Link International Limited ("Wise Link"), allotted and issued shares to an independent third party at a cash consideration of HK\$3,500,000, resulting in dilution of the Group's interest in Wise Link from 100% to 51%.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 <i>HK\$</i> (Unaudited)	2015 <i>HK\$</i> (Unaudited)
Net cash generated from operating activities	26,550,714	10,277,517
Net cash used in investing activities	(61,318,514)	(1,391,460)
Net cash generated from financing activities	29,304,870	96,288,000
Net increase/(decrease) in cash and cash equivalents	(5,462,930)	105,174,057
Cash and cash equivalents at 1 January	78,111,106	45,320,755
Cash and cash equivalents at 30 June	72,648,176	150,494,812

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

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

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 six months ended 30 June 2016 has been prepared in accordance with Hong Kong Accounting Standard 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 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 2015.

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

The accounting policies adopted in preparing the unaudited condensed consolidated financial statements of the Group for the three months and six months ended 30 June 2016 were consistent with those applied in the annual financial statements of the Group for the year ended 31 December 2015, except in relation to the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (collectively “New and Revised HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting periods beginning on 1 January 2016. The adoption of these New and Revised HKFRSs in the current period has had no material impact on the Group’s financial performance and position for the current and prior periods and/or disclosures set out in these unaudited condensed consolidated financial statements.

The Group has not early applied the New and Revised HKFRSs that have been issued but are not yet effective. The Group is in the process of making an assessment of the impact of the New and Revised HKFRSs upon initial application but is not yet in a position to state whether these New and Revised HKFRSs would have a significant impact on the Group’s results of operations and financial position.

It should be noted that accounting estimates and assumptions are used in the preparation of unaudited condensed consolidated financial statements of the Group. Although these estimates are based on management’s best knowledge and judgement to current events and actions, actual results may ultimately differ from those estimates.

3. 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 and financial liabilities that are measured at fair value as at 30 June 2016 and 31 December 2015.

	Level 1 HK\$ (Unaudited)	Level 2 HK\$ (Unaudited)	Level 3 HK\$ (Unaudited)	Total HK\$ (Unaudited)
At 30 June 2016				
<i>Financial assets</i>				
Financial assets held for trading				
– listed equity securities	24,288,680	–	–	24,288,680
Financial assets designated as at fair value through profit or loss				
– convertible bond	–	–	2,899,540	2,899,540
	24,288,680	–	2,899,540	27,188,220

	Level 1 HK\$ (Audited)	Level 2 HK\$ (Audited)	Level 3 HK\$ (Audited)	Total HK\$ (Audited)
At 31 December 2015				
<i>Financial assets</i>				
Financial assets held for trading				
– listed equity securities	9,772,200	–	–	9,772,200
Financial assets designated as at fair value through profit or loss				
– convertible bond	–	–	2,899,540	2,899,540
	9,772,200	–	2,899,540	12,671,740
<i>Financial liabilities</i>				
Financial liabilities at fair value				
– contingent consideration payable	–	–	3,331,166	3,331,166

At 30 June 2016 and 31 December 2015, there were no investments classified under Level 2 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 2016 and the year ended 31 December 2015.

The convertible bond has been calculated based on discounted cash flows analysis and Binomial Model on the debt component and conversion option component respectively, with the most significant unobservable inputs are (i) discount rate of 11.67% (year ended 31 December 2015: 12.37%) and (ii) expected volatilities of 75.68%. A significant increase/(decrease) in discount rate would result in a significant (decrease)/increase in the fair value of the convertible bond and a significant increase/(decrease) in expected volatilities would result in a significant increase/(decrease) in the fair value of the convertible bond.

The contingent consideration payable at 31 December 2015 had been calculated based on discounted cash flows analysis, with the most significant unobservable inputs are (i) the projected net profit of Four Directions Investment Limited and its subsidiaries for the two years ending 31 December 2016 and 2017 ranging from approximately HK\$13,359,000 to HK\$15,163,000 and (ii) discount rate of 17.73%. A significant increase/(decrease) in discount rate would result in a significant (decrease)/increase in the fair value of the contingent consideration payable.

4. REVENUE

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

	Three months ended 30 June		Six months ended 30 June	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Sales of hardware	46,738	322,934	570,802	630,604
Sales of technology software systems	2,762,000	1,529,202	3,106,300	1,894,402
System customisation and network support	1,444,150	2,365,764	3,262,149	3,671,888
Software maintenance services	2,404,362	2,333,289	4,692,339	4,626,153
Software licensing fee	5,730,083	4,142,845	11,114,477	7,974,999
Hosting and related services fee	957,651	560,344	1,817,994	1,101,093
Other internet financial platforms services income	339,000	688,000	1,306,000	808,000
Interest income on loan financing	163,397	121,896	567,325	205,732
Referral services fee	625,000	501,989	1,250,000	501,989
Corporate finance advisory and related services fee	60,000	361,456	330,000	468,456
Net fair value gain/(loss) on financial assets at fair value through profit or loss	(4,231,951)	3,217,058	(306,271)	2,109,946
Dividend income from listed equity securities	90,000	–	90,000	58,920
Rental income	268,500	–	358,000	–
Property management service income and agency commission income	3,087,382	–	11,173,935	–
	13,746,312	16,144,777	39,333,050	24,052,182

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.

In the corresponding period in 2015, (i) revenue arising from provision of referral services to source, identify and refer prospective deal opportunities to interest parties was reported under the segment of referral; and (ii) revenue arising from provision of corporate finance advisory services was reported under the segment of corporate finance. Following a change in the Group’s operating and reporting structure in late 2015 such business activities are combined into a single operating segment, referral and corporate finance segment, before being reported to the CODM and accordingly, the CODM now reviews the Group’s internal reporting, assesses the performance and allocates the resources of the Group to the referral and corporate finance businesses as a whole. Certain comparative figures have been reclassified to conform with current period’s presentation. In December 2015, the CODM had identified a new operating segment as property management and property agency services upon the completion of the acquisition of a subsidiary.

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, other online consultancy services and provision of other financial information;
- (c) Money lending – provision of loan financing;
- (d) Assets investments – trading of listed securities and investing in premises for rental income;
- (e) Referral and corporate finance – provision of referral services to source, identify and refer prospective deal opportunities to interested parties and provision of corporate finance advisory services; and
- (f) Property management and property agency services – provision of property management and agency services.

Segment revenue and results

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

	Financial trading software solutions HK\$ (Unaudited)	Other internet financial platforms HK\$ (Unaudited)	Money lending HK\$ (Unaudited)	Assets investments HK\$ (Unaudited)	Referral and corporate finance HK\$ (Unaudited)	Property management and property agency services HK\$ (Unaudited)	Elimination HK\$ (Unaudited)	Total HK\$ (Unaudited)
For the six months ended								
30 June 2016								
Segment revenue								
Revenue from external customers	24,564,061	1,306,000	567,325	141,729	1,580,000	11,173,935	-	39,333,050
Inter-segment sales*	-	360,000	-	-	-	-	(360,000)	-
	24,564,061	1,666,000	567,325	141,729	1,580,000	11,173,935	(360,000)	39,333,050
Segment profit/(loss)								
Interest income								3,658
Unallocated gains or losses								1,453,136
Share of profit of an associate								1,473,860
Share of loss of a joint venture								(1,408,095)
Central administration costs								(3,612,673)
Finance costs								(6,063,514)
Profit before tax	10,593,583	(2,691,213)	418,503	(95,766)	(3,262,181)	6,581,629	-	11,544,555
For the six months ended								
30 June 2015 (restated)								
Segment revenue								
Revenue from external customers	19,899,139	808,000	205,732	2,168,866	970,445	-	-	24,052,182
Inter-segment sales*	-	71,000	-	-	100,000	-	(171,000)	-
	19,899,139	879,000	205,732	2,168,866	1,070,445	-	(171,000)	24,052,182
Segment profit/(loss)								
Other income	7,638,943	(2,140,027)	8,626	2,100,452	(3,665,193)	-	-	3,952,801
Central administration costs								45,964
Finance costs								(2,523,463)
								(1,423,691)
Profit before tax								51,611

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

Segment assets and liabilities

	Financial trading software solutions HK\$ (Unaudited)	Other internet financial platforms HK\$ (Unaudited)	Money lending HK\$ (Unaudited)	Assets investments HK\$ (Unaudited)	Referral and corporate finance HK\$ (Unaudited)	Property management and property agency services HK\$ (Unaudited)	Total HK\$ (Unaudited)
As at 30 June 2016							
Segment assets	12,531,782	590,321	833,995	50,571,978	900,588	5,553,430	70,982,094
Corporate and unallocated assets							145,279,384
Consolidated assets							216,261,478
Segment liabilities	24,092,370	249,738	47,125	287,500	1,434,026	17,998	26,128,757
Corporate and unallocated liabilities							27,492,371
Consolidated liabilities							53,621,128

	Financial trading software solutions HK\$ (Audited)	Other internet financial platforms HK\$ (Audited)	Money lending HK\$ (Audited)	Assets investments HK\$ (Audited)	Referral and corporate finance HK\$ (Audited)	Property management and property agency services HK\$ (Audited)	Total HK\$ (Audited)
As at 31 December 2015							
Segment assets	13,478,406	3,855,398	26,828,445	9,772,200	1,842,764	6,288,304	62,065,517
Corporate and unallocated assets							122,544,788
Consolidated assets							184,610,305
Segment liabilities	22,540,541	559,576	66,000	-	350,350	15,000	23,531,467
Corporate and unallocated liabilities							115,304,895
Consolidated liabilities							138,836,362

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

- all assets are allocated to the operating segments other than the investment in an associate, investment in a joint venture, available-for-sale investments, cash and cash equivalents, financial assets designated as at fair value through profits or loss and other corporate and unallocated assets. Goodwill is allocated to each of the respective operating segments; and
- all liabilities are allocated to the operating segments other than the current and deferred tax liabilities, loan notes, contingent consideration payable, consideration payable and other corporate and unallocated liabilities.

6. OTHER INCOME, AND OTHER GAINS AND LOSSES

	Three months ended 30 June		Six months ended 30 June	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Other income:				
Interest income on bank deposits	3,394	4,516	3,658	45,964
Sundry income	–	1,181	38,144	2,755
	3,394	5,697	41,802	48,719
Other gains and losses:				
Gain on disposal of subsidiaries	971,058	–	2,179,864	–
Reversal of impairment losses on trade receivables	191,500	–	247,400	–
Impairment losses of available-for-sale investments	–	–	(3,335,060)	–
Gain on bargain purchase	–	–	8,958	–
Gain on disposal of available-for-sale investments, net	2,599,374	–	2,599,374	–
Loss on disposal of property, plant and equipment	–	–	–	(20,667)
	3,761,932	–	1,700,536	(20,667)

7. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Interest expense on loan notes	2,534,450	1,423,691	6,060,898	1,423,691
Other interest expense	1,016	–	2,616	–
	2,535,466	1,423,691	6,063,514	1,423,691

8. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax has been arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Amortisation of intangible assets (note 1)	1,018,633	182,954	4,017,069	299,770
Depreciation of property, plant and equipment	395,838	348,626	794,782	667,129
Operating lease payments in respect of rented premises	954,932	1,097,307	2,050,204	2,138,612
Employee benefits expense: (note 2)				
Salaries and other benefits	7,886,836	6,211,744	15,591,109	11,885,581
Contributions to retirement benefits scheme	237,434	218,280	474,432	416,432
Total employee benefits expense, including directors' emoluments	8,124,270	6,430,024	16,065,541	12,302,013
Less: Amounts capitalised in development costs	-	(98,728)	-	(570,103)
	8,124,270	6,331,296	16,065,541	11,731,910

Notes:

- During the six months ended 30 June 2016, amortisation of intangible assets amounting to HK\$1,085,069 (six months ended 30 June 2015: HK\$299,770) was included in cost of sales and amortisation of intangible assets amounting to HK\$2,932,000 (six months ended 30 June 2015: Nil) was included in administrative expenses.
- During the six months ended 30 June 2016, employee benefits expense amounting to HK\$4,298,309 (six months ended 30 June 2015: HK\$3,891,016) was included in cost of sales and employee benefits expense amounting to HK\$11,767,232 (six months ended 30 June 2015: HK\$7,840,894) was included in administrative expenses.

9. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Current – Hong Kong				
– Charge for the period	1,440,628	782,810	3,388,723	1,219,529
Deferred	(573,298)	(70,213)	(662,816)	(11,711)
Total income tax recognised in profit or loss	867,330	712,597	2,725,907	1,207,818

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

During the six months ended 30 June 2016, the share of tax attributable to an associate amounting to HK\$806,318 (six months ended 30 June 2015: Nil) was included in “Share of profit of an associate”.

10. DIVIDEND

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

11. EARNINGS/(LOSS) PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Earnings/(loss)				
Profit/(loss) for the period attributable to owners of the Company for the purpose of basic earnings/(loss) per share	(1,879,012)	1,697,673	(81,671)	(1,041,355)
	Three months ended 30 June		Six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited) (Restated)	2016 (Unaudited)	2015 (Unaudited) (Restated)
Number of shares				
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	580,506,803	400,410,678	519,059,503	400,410,678

The weighted average number of ordinary shares in issue have been adjusted to reflect the rights issue completed during the six months ended 30 June 2016 and the effect of consolidation of shares of the Company as detailed in note 20.

The diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share as there were no dilutive potential ordinary shares in issue during the three months and six months ended 30 June 2016 and 30 June 2015.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, additions to property, plant and equipment of the Group amounted to HK\$418,332 (six months ended 30 June 2015: HK\$817,321).

13. INVESTMENT IN A JOINT VENTURE

During the six months ended 30 June 2016, the Group totally subscribed 49% of the issued share capital of Sky View Investment Limited at the aggregate subscription price of US\$5,077,000 (approximately HK\$39,596,000).

14. AVAILABLE-FOR-SALE INVESTMENTS

The available-for-sale investments of the Group represent unlisted fund and equity investments which are held for long term investment purpose so the Group does not intend to dispose of them in the foreseeable future. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimate is so significant that the Directors of the Company are of the opinion that fair values cannot be measured reliably.

15. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2016 HK\$ (Unaudited)	31 December 2015 HK\$ (Audited)
Trade receivables	8,767,530	9,815,867
Interest receivables from money lending business	29,918	298,285
	8,797,448	10,114,152
Allowance for doubtful debts	–	–
	8,797,448	10,114,152
Other receivables	65,434	38,413
Deposits and prepayments	3,701,852	3,665,121
	12,564,734	13,817,686

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 2016 HK\$ (Unaudited)	31 December 2015 HK\$ (Audited)
0 – 30 days	4,383,163	8,106,548
31 – 60 days	643,648	1,591,230
61 – 90 days	533,600	118,089
91 – 120 days	1,745,319	–
Over 120 days	1,461,800	–
Total	8,767,530	9,815,867

The Groups generally allows an average credit period of 7 days or not more than 30 days to its trade receivables 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 that 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.

16. LOANS RECEIVABLE

	30 June 2016 HK\$ (Unaudited)	31 December 2015 HK\$ (Audited)
Loans receivable from money lending business	500,000	26,200,000

The Group seeks to maintain strict control over its outstanding loans receivable so as to minimise credit risk. The granting of loan is subject to approval by the management, whilst overdue balances are reviewed regularly for recoverability. The loans receivable was neither past due nor impaired at the end of the reporting period.

As at 30 June 2016, the loan receivable is unsecured, charging on interest rate at 8% per annum and repayable with fixed terms agreed with the contracting party.

As at 31 December 2015, the loans receivable were unsecured, charging on interest rates ranging from 8% to 10% per annum and were repayable with fixed terms agreed with the contracting parties.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2016 HK\$ (Unaudited)	31 December 2015 HK\$ (Audited)
Financial assets held for trading		
– equity securities listed in Hong Kong	24,288,680	9,772,200
Financial assets designated as at fair value through profit of loss		
– convertible bond	2,899,540	2,899,540
	27,188,220	12,671,740

18. TRADE AND OTHER PAYABLES AND ACCRUALS

	30 June 2016 HK\$ (Unaudited)	31 December 2015 HK\$ (Audited)
Receipts in advance	13,394,157	9,967,127
Customers deposit	8,856,150	7,222,360
Consideration payable	–	6,662,334
Other payables and accruals	5,206,080	7,638,146
	27,456,387	31,489,967

19. LOAN NOTES

	30 June 2016 HK\$ (Unaudited)	31 December 2015 HK\$ (Audited)
Loan notes – unsecured	19,227,174	99,957,082

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

The Company and the noteholders may at its option redeem the Loan Notes, in whole or any part thereof outstanding on a business day which must be a day after the first anniversary of the date of issue of the Loan Notes and before the maturity date. On the redemption date, the Company shall pay to such noteholder the principal amount of the Loan Notes to be redeemed plus all accrued and unpaid interest on the principal amount of the Loan Notes to be redeemed. The effective interest rate for the six months ended 30 June 2016 was 12.52% per annum.

During the six months ended 30 June 2016, the Company has early repaid a part of the Loan Notes in the aggregate principal amount of HK\$81,300,000.

20. SHARE CAPITAL

	Number of shares	Share capital HK\$
Authorised:		
At 1 January 2015, ordinary shares of HK\$0.001 each	10,000,000,000	10,000,000
2015 Share Subdivision (<i>note (i)</i>)	10,000,000,000	–
At 31 December 2015, ordinary shares of HK\$0.0005 each	20,000,000,000	10,000,000
2016 Share Consolidation (<i>note (iii)</i>)	(18,000,000,000)	–
At 30 June 2016, ordinary shares of HK\$0.005 each	2,000,000,000	10,000,000
Issued and fully paid:		
At 1 January 2015, ordinary shares of HK\$0.001 each	2,000,000,000	2,000,000
2015 Share Subdivision (<i>note (i)</i>)	2,000,000,000	–
At 31 December 2015, ordinary shares of HK\$0.0005 each	4,000,000,000	2,000,000
Placing of new shares (<i>note (ii)</i>)	800,000,000	400,000
2016 Share Consolidation (<i>note (iii)</i>)	(4,320,000,000)	–
Rights Issue (<i>note (iv)</i>)	240,000,000	1,200,000
At 30 June 2016, ordinary shares of HK\$0.005 each	720,000,000	3,600,000

Notes:

- (i) Pursuant to the ordinary resolution passed by the shareholders of the Company at the extraordinary general meeting held on 16 February 2015, a share subdivision was approved with effect from 17 February 2015 in which every one (1) issued and unissued ordinary share of HK\$0.001 each in the share capital of the Company was subdivided into two (2) subdivided shares having a par value of HK\$0.0005 each (the “2015 Share Subdivision”). Immediately after the 2015 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.
- (ii) On 27 January 2016, an aggregate of 800,000,000 new shares of the Company were issued at a placing price of HK\$0.05 each.
- (iii) Pursuant to the ordinary resolution passed by the shareholders of the Company at the extraordinary general meeting held on 18 April 2016, the share consolidation was approved with effect from 19 April 2016 in which every ten (10) issued and unissued existing shares of HK\$0.0005 each were consolidated into one (1) share of HK\$0.005 each. The authorised share capital of the Company became HK\$10,000,000 divided into 2,000,000,000 consolidated shares, of which 480,000,000 consolidated shares were issued and fully paid (the “2016 Share Consolidation”).
- (iv) On 24 May 2016, an aggregate of 240,000,000 new shares were allotted and issued on the basis of one (1) rights share for every two (2) ordinary shares of the Company issued and held on the record date at a subscription price of HK\$0.324 per rights share (the “Rights Issue”).

21. ACQUISITION OF A SUBSIDIARY

On 16 March 2016, the Group acquired the entire issued shares of China Universal Limited (“China Universal”) at a cash consideration of HK\$25,900,000.

The fair values of the identifiable assets and liabilities of China Universal as at the date of acquisition were as follows:

	<i>HK\$</i>
Investment properties	26,200,000
Property, plant and equipment	42,589
Trade receivables, deposit and prepayment	81,779
Bank balance	31,925
Other payable and accruals	(447,335)
<hr/>	
Total identifiable net assets at fair value	25,908,958
Gain on bargain purchase	(8,958)
<hr/>	
Satisfied by cash	25,900,000
<hr/>	

An analysis of the net cash outflow in respect of the acquisition of China Universal is as follows:

	<i>HK\$</i>
Cash consideration	25,900,000
Bank balance acquired	(31,925)
<hr/>	
	25,868,075
<hr/>	

The fair values of trade receivables as at the date of acquisition amounted to HK\$77,000 which approximated the gross contractual amounts. None of these receivables have been impaired and it is expected that the full contractual amounts can be collected. Acquisition-related costs amounting to HK\$146,828 have been excluded from the consideration transferred and have been recognised as an expense within the administrative expenses in the unaudited condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2016.

22. DISPOSAL OF SUBSIDIARIES

- (a) On 26 January 2016, the Group disposed of its entire equity interest being 95% of the entire issued share capital of ChinaQFii Company Limited (“ChinaQFii”) at a cash consideration of HK\$2,400,000.
- (b) On 31 May 2016, the Group disposed of its entire equity interest being the entire issued share capital of Sky Luck International Limited (“Sky Luck”) at a cash consideration of HK\$3,400,000, excluding the transaction cost of HK\$29,000.

	ChinaQFii HK\$	Sky Luck HK\$
Net assets disposed of:		
Property, plant and equipment	17,611	439,534
Goodwill	917,976	–
Trade and other receivables, deposits and prepayment	13,778	1,053,515
Cash and bank balances	139,477	927,243
Accruals	(743)	(20,350)
	1,088,099	2,399,942
Non-controlling interests	103,095	–
Gain on disposal of subsidiaries	1,208,806	971,058
	2,400,000	3,371,000
Satisfied by cash, net of transaction cost	2,400,000	3,371,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of ChinaQFii and Sky Luck is as follows:

	ChinaQFii HK\$	Sky Luck HK\$
Cash consideration received	2,400,000	3,371,000
Cash and bank balances disposed of	(139,477)	(927,243)
	2,260,523	2,443,757

23. SIGNIFICANT RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere 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 2016 and 30 June 2015 respectively:

Compensation of key management personnel of the Group

	Three months ended 30 June		Six months ended 30 June	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Salaries and short-term employee benefits	855,743	714,473	1,665,089	1,410,376
Post-employment benefits	9,000	9,000	18,000	18,000
	864,743	723,473	1,683,089	1,428,376

24. EVENTS AFTER THE REPORTING PERIOD

On 18 July 2016, Eagle Networks Company Limited ("Eagle Networks"), an indirect wholly-owned subsidiary of the Company, and JFA Capital entered into a sale and purchase agreement, pursuant to which Eagle Networks conditionally agreed to purchase and JFA Capital conditionally agreed to sell 500 ordinary shares of C&C International Healthcare Group Limited ("C&C"), representing 5% of C&C's issued share capital at the consideration of HK\$24,271,000. C&C and its group companies are principally engaged in the provision of contracted medical schemes for integrated medical and healthcare check-up services. The acquisition of C&C was completed on 29 July 2016. Details of the transaction are set out in the Company's announcement dated 18 July 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in the provision of financial trading software solutions, provision of other internet financial platforms, provision of referral services, money lending business, assets investments, provision of corporate finance advisory services and provision of property management and property agency services in Hong Kong. For the six months ended 30 June 2016 (the "Period"), the Group recorded a total revenue of approximately HK\$39,333,000, representing an increase of approximately 63.53% from approximately HK\$24,052,000 of the corresponding period in 2015.

Provision of Financial Trading Software Solutions

The financial trading software solutions business division recorded a pleasing growth in segment revenue from external customers to approximately HK\$24,564,000 for the Period (six months ended 30 June 2015: approximately HK\$19,899,000), representing an increase of approximately HK\$4,665,000 or 23.44%. During the Period, the core operating subsidiary in this business division, namely iAsia Online Systems Limited ("iAsia"), had successfully concluded contracts with several new customers, two of which were contracts for sale of securities systems and stock option systems with a new customer at an aggregated contract sum of approximately HK\$4.4 million concluded in the second quarter of 2016. In addition to the performance in one-off sale of software systems, we also have satisfactory result in leasing software systems and hosting service to new customers during the Period, in which three concluded contracts for leasing software systems are expected to be launched in the second half of 2016. It is expected that recurring licensing fee will keep growing steadily.

As the long-awaited Shenzhen-Hong Kong Stock Connect is likely to be launched in the second half of 2016, the required system interface and infrastructure enhancement for the mutual market connectivity creates opportunity for promoting system enhancement to customers. With the experience of system enhancement to Shanghai-Hong Kong Stock Connect, the management believes that iAsia can provide comprehensive financial trading solutions to accommodate multi market trading in an efficient manner. In view of the Group's established customer base and the changing financial market, iAsia will focus on the development and consolidation of its technical strength to explore business opportunities and income streams from both existing and potential customers.

Provision of Other Internet Financial Platforms

During the Period, the other internet financial platforms business division contributed a segment revenue of HK\$1,306,000 (six months ended 30 June 2015: HK\$808,000) mainly from its money lending platform which was operating in Hong Kong.

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

Provision of Corporate Finance Advisory Services and 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. As a result, a segment revenue of HK\$1,580,000 was generated from this business division for the Period (six months ended 30 June 2015: approximately HK\$970,000), representing an increase of approximately 62.89%.

Money Lending Business

During the Period, revenue derived from the money lending business division amounted to approximately HK\$567,000 (six months ended 30 June 2015: approximately HK\$206,000). The interest rate charged to customers during the Period ranged from 8.0% to 10.0% per annum. No default event occurred as of the date of this report and no provision for the impairment of loan receivables was considered necessary during the Period.

Assets Investments

The Group continues to adopt a conservative investment approach in trading of listed securities in the Hong Kong stock market. During the Period, a net fair value loss on financial assets at fair value through profit or loss of approximately HK\$306,000 (six months ended 30 June 2015: a gain of approximately HK\$2,110,000) was recognised from the securities investments. Such unrealised loss was due to the volatile market conditions during the Period. Currently, the Group's securities investment portfolio mainly comprises investments in listed securities, which are held for trading purposes.

On 7 March 2016, the Group acquired China Universal Limited (“China Universal”), which hold several premises in Hong Kong, to invest in properties market in Hong Kong at the consideration of HK\$25,900,000. The properties consist of two retail shops and one private residence, located in the residential area of Siu Sai Wan and Tai Koo Shing, Hong Kong. It is expected that the acquisition will generate stable rental income and improve the Group’s operating performance in the medium to long run. During the Period, rental income of HK\$358,000 was generated.

Property Management and Property Agency Services

The Group started to engage in property management and property agency services business after the acquisition of Full Profit Property Services Company Limited on 30 December 2015. Remarkable segment results of net profit after tax amounted to approximately HK\$5,585,000 has been recorded during the Period.

Financial Review

Revenue

Revenue of the Group for the Period was approximately HK\$39,333,000 (six months ended 30 June 2015: approximately HK\$24,052,000), representing an increase of approximately HK\$15,281,000 or 63.53% as compared with that of the corresponding period in 2015. The increase in revenue was mainly due to the combined effect of (i) the increase in the revenue from the financial trading software solutions business of approximately HK\$4,665,000; and (ii) the revenue of approximately HK\$11,174,000 contributed by the property management and property agency services business which was newly set up by the Group in December 2015.

Gross Profit and Gross Profit Margin

Gross profit of the Group for the Period was approximately HK\$31,497,000 (six months ended 30 June 2015: approximately HK\$18,104,000), representing an increase of approximately 73.98% as compared with that of the corresponding period in 2015. Gross profit margin of the Group for the Period was approximately 80.08% (six months ended 30 June 2015: approximately 75.27%).

Administrative Expenses

The Group's administrative expenses for the Period amounted to approximately HK\$23,850,000 (six months ended 30 June 2015: approximately HK\$16,657,000), representing an increase of approximately HK\$7,193,000 or 43.18% as compared with that of the corresponding period in 2015. The significant increase was primarily attributable to the combined effect of (i) the increase in administrative staff costs of approximately HK\$3,926,000 due to the expansion of the Group's business; (ii) the increase in legal and professional fee of approximately HK\$1,222,000 as a result of the acquisition and disposal transactions; and (iii) the increase in amortisation costs of HK\$2,932,000 due to the increase in intangible assets resulted from the property management and property agency services business started in December 2015, during the Period.

Profit and Total Comprehensive Income for the Period

The Group incurred a net profit and total comprehensive income of approximately HK\$665,000 (six months ended 30 June 2015: a net loss and total comprehensive loss of approximately HK\$1,156,000) for the Period. The net profit and total comprehensive income of the Group for the Period as compared with the net loss and total comprehensive loss of the corresponding period in 2015 was mainly attributable to the net effect of (i) the net profit after tax of approximately HK\$5,585,000 for the Period contributed by the property management and property agency services business segment; (ii) the share of profit of an associate of approximately HK\$1,474,000 for the Period; (iii) the share of loss of a joint venture of approximately HK\$1,408,000 for the Period; (iv) the interest expenses of approximately HK\$6,061,000 incurred in the Period on the 10% per annum notes ("Loan Notes") in the aggregate principal amount of HK\$100.3 million issued by the Company on 18 May 2015; and (v) gain on disposal of subsidiaries.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2016, the Group held cash and bank balances of approximately HK\$72,648,000 (31 December 2015: approximately HK\$78,111,000). Net current assets amounted to approximately HK\$60,110,000 (31 December 2015: net current liabilities of approximately HK\$3,611,000). Current ratio (defined as total current assets divided by total current liabilities) was approximately 2.14 times (31 December 2015: approximately 0.97 times).

As at 30 June 2016, the Group had no outstanding bank borrowings and other borrowings (31 December 2015: Nil), except for the outstanding Loan Notes with the carrying amount of approximately HK\$19,227,000 (31 December 2015: approximately HK\$99,957,000). The Loan Notes will mature on the day immediately preceding the second anniversary of the date of its issue. The Loan Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Company which will rank equally and without any preference amongst themselves and rank pari passu with all other present and future direct, unconditional, unsubordinated and unsecured obligations of the Company. In order to improve the Group's liquidity, the Group has early settled a part of the Loan Notes in the aggregate principal amount of HK\$81,300,000 by utilising proceeds raised from fund raising activities during the Period as detailed in the section headed "Capital Structure" below. As a result, the gearing ratio of the Group (defined as total borrowings divided by total assets) improved from approximately 54.1% as at 31 December 2015 to approximately 8.9% as at 30 June 2016.

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 2016, the Group did not have any contingent liabilities (31 December 2015: Nil).

CAPITAL COMMITMENT

As at 30 June 2016, the Group did not have any significant capital commitment (31 December 2015: Nil).

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2016, the Group did not have any material charges on assets (31 December 2015: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS

Investment in Rolaner International Limited (“Rolaner”)

On 20 February 2016, Sky View Investment Limited (“Sky View”), Winrange Investments Limited (“Winrange”, a wholly-owned subsidiary of the Company) and Amber Rose Holdings Limited (“Amber Rose”) entered into an agreement (“Sky View Subscription Agreement”) for the subscription of ordinary shares of Sky View (“Sky View Shares”) by Winrange and Amber Rose respectively. Pursuant to the Sky View Subscription Agreement, Winrange and Amber Rose have agreed to subscribe for 390 Sky View Shares and 510 Sky View Shares at the subscription price of US\$4,948,900 and US\$5,151,000 respectively. Immediately before the signing of the Sky View Subscription Agreement, Sky View was 100%-owned by Winrange. Completion of the Sky View Subscription Agreement took place immediately after its signing, Winrange has become interested in 49% of the issued share capital of Sky View and Sky View became the joint venture of Winrange and Amber Rose. It was the intention of Winrange and Amber Rose that Sky View would act as the holding company of their investment in Rolaner to be acquired under the Rolaner Subscription Agreement (as defined below).

After completion of the Sky View Subscription Agreement, Sky View, Rolaner, Ace Choice Ventures Limited, Legend Cosmo Consultants Limited, Mr. Ren Lingfeng, Mr. Chen Rong, 榮浪信息科技(上海)有限公司 (unofficial English name being Rong Lang Information Technology (Shanghai) Co., Limited) and 羅朗網絡科技(上海)有限公司 (unofficial English name being Luo Lang Internet Technology (Shanghai) Co., Limited) entered into an agreement on 20 February 2016 (“Rolaner Subscription Agreement”), pursuant to which, among other things, Sky View shall subscribe for 22,000,000 preferred shares in the share capital of Rolaner, representing approximately 22.9% of the then enlarged share capital of Rolaner (after completion of the subscription of shares of Rolaner by Alibaba Investment Limited and assuming no shares of Rolaner have been issued pursuant to an employee share option program to be adopted by Rolaner after completion of the Rolaner Subscription Agreement) at the price of US\$10,000,000. Completion of the Rolaner Subscription Agreement took place on 18 March 2016.

The management believes that the transactions contemplated under the Sky View Subscription Agreement has introduced a strategic partner to invest in Rolaner, whose operating a mobile application “Mei Li Shen Qi (美麗神器)”, one of the largest online communities and e-commerce platforms with millions of users for medical beauty industry in the People’s Republic of China, in which the management considers to have great market potentials. During the Period, the loss of joint venture shared by the Group amounted to approximately HK\$1.4 million.

Acquisition of China Universal

On 7 March 2016, a subsidiary of the Company, and Colorful Focus Limited (“Colorful Focus”) entered into a sale and purchase agreement, pursuant to which the Group conditionally agreed to purchase and Colorful Focus conditionally agreed to sell the entire issued shares of China Universal at the consideration of HK\$25,900,000. The principal assets of China Universal are certain residential and retail properties in Hong Kong. The acquisition of China Universal was completed on 16 March 2016.

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

Disposal of 49% interest in Wise Link International Limited (“Wise Link”)

On 12 May 2016, Wise Link, then an indirect wholly-owned subsidiary of the Company, and Billion Centrium Group Holdings Limited (“Billion”) entered into an agreement, pursuant to which Billion agreed to subscribe for 490 ordinary shares of Wise Link, representing 49% of the enlarged issued share capital of Wise Link, at the subscription price of HK\$3,500,000. Immediately before completion of the subscription, Wise Link was wholly-owned by the Group. Immediately after completion, Wise Link is owned as to 51% by the Group and 49% by Billion. Completion of the subscription of shares in Wise Link (and the deemed disposal of 49% interest in Wise Link by the Group) took place on 12 May 2016.

As at the date of this report, save as the foregoing acquisitions and disposals, the Group did not have any other concrete plans for material investments or capital assets in the coming future. Nonetheless, if any acquisition opportunity arises and is identified, the Group will conduct a feasibility study and prepare implementation plans to consider whether it is beneficial to the Company and its shareholders as a whole.

OTHER INVESTMENTS

As at 30 June 2016, the Group hold (i) two unlisted fund investments (the “Funds”) (year ended 31 December 2015: three) which are private equity funds incorporated in the Cayman Islands with the carrying value amounted to approximately HK\$8.66 million (year ended 31 December 2015: HK\$20.5 million); and (ii) an unlisted equity investment with the carrying value amounted to HK\$1.25 million (year ended 31 December 2015: Nil). The Funds are limited by shares and are managed by their respective fund managers, which mainly invests in the field of multi-media, social media and internet related business. During the Period, the Group has recognised (i) an impairment loss of available-for-sales investments of approximately HK\$3.3 million with reference to the audited financial statements or statements of accounts of the Funds provided by the fund managers; and (ii) a gain on disposal of available-for-sales investments of approximately HK\$2.6 million.

The Group will continue optimising its investment portfolios to invest in quality unlisted funds and equity investments so as to create value for the shareholders of the Company.

CAPITAL STRUCTURE

Placing of New Shares Under General Mandate

On 14 January 2016, the Company and Convoy Securities Limited (as placing agent) entered into a conditional placing agreement (“Placing Agreement”), pursuant to which the Company had conditionally agreed to place through the placing agent, on a best effort basis, up to 800,000,000 new ordinary shares of par value of HK\$0.0005 each in the share capital of the Company (“Placing Shares”), to not less than six placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and any of its connected persons or their respective associates, at a price of HK\$0.05 per Placing Share (“800M Placing”). The Placing Shares were allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 5 May 2015. The

nominal value of the Placing Shares was HK\$400,000 and the net issue price was HK\$0.048 per Placing Share. The closing price of the ordinary shares of the Company on the date of the Placing Agreement was HK\$0.059 per share. On 27 January 2016, completion of the 800M Placing took place in accordance with the terms and conditions of the Placing Agreement. Immediately after completion of the 800M Placing, an aggregate of 800,000,000 Placing Shares, representing approximately 16.7% of the issued share capital of the Company (as enlarged by the allotment and issue of the Placing Shares), have been successfully placed to not less than six placees. The Company received net proceeds of approximately HK\$38.4 million from the 800M Placing. The Directors were of the view that the 800M Placing represented good opportunities to broaden the shareholders' base and raise additional funds at a reasonable cost for itself. Up to the date of this report, the entire net proceeds has been utilised as to (i) HK\$25.9 million had been used for the payment of the total consideration for the acquisition of China Universal; (ii) approximately HK\$2.5 million had been used for the settlement of interest incurred on the Loan Notes; (iii) approximately HK\$8.5 million had been used for the subscription of 390 shares of Sky View; and (iv) the remaining had been used for the general working capital of the Group.

Share Consolidation and Change of Board Lot Size

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

Rights Issue

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

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

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

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

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2016, the Group had 63 employees (31 December 2015: 60). 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

Technology is advancing at a tremendous pace and dependence of internet in all aspects continues to rise. Using technologies such as online trading and finance on one hand increases working efficiency, and on the other hand create more opportunities for the Group.

iAsia, the Group's subsidiary and a trading solution pioneer in the market, remains the Group's major operating subsidiary running the core business. Leveraging years of experience and professional knowledge in the financial sectors in Hong Kong, the Group was able to swiftly react to the market changes by innovative trading solution inventions. The Group looks forward to the long-anticipated establishment of Shenzhen-Hong Kong Stock Connect, which is likely to commence within this year. Shenzhen-Hong Kong Stock Connect will provide an unprecedented opportunity for iAsia and the Group is financially prepared and committed to enriching our product portfolio for further business development.

In consideration of a fluctuating equity market and the global economic recession, diversification of the Group's business divisions is believed to safeguard a stable growth of the Group. Great potential of smartphone application development emerges from people's pursuit of efficiency of which the Directors consider as one of the growth engine in the foreseeable future. Besides, mobile application provides an effective promotion platform for the Group which will further strengthen its reputation in Hong Kong, the People's Republic of China and other Asian regions. Therefore, the Group will continue to devote in mobile application development business through investments in potential business.

Looking ahead, the Group will strive to enhance its competitiveness in the market by further strengthening its core business, creating strategic value and actively diversifying its business segments. Meanwhile, the Group will also continue to strike for sustainable growth through implementation of strict risk control policies to improve its internal control and risk management capabilities.

OTHER INFORMATION

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

As at 30 June 2016, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in rule 5.46 of the GEM Listing Rules were as follows:

(I) Long position in the 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 corporations	116,411,250	16.17%

Note: These 116,411,250 Shares are held by Luster Wealth Limited ("Luster Wealth"). Mr. Chan, the non-executive Director and chairman of the Board, 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. By virtue of the SFO, each of Woodstock and Mr. Chan is deemed, or taken to be, interested in all the Shares held by Luster Wealth. Mr. Chan is the sole director of each of Luster Wealth and Woodstock. Mr. Li Hoi Kong, an executive Director, owns approximately 7.75% of the issued share capital of Luster Wealth.

Save as disclosed above, as at 30 June 2016, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in rule 5.46 of the GEM Listing Rules.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures

So far as is known to the Directors, as at 30 June 2016, the following persons, other than a Director or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholder	Nature of interest	Number of shares	Approximate percentage of shareholding
Luster Wealth (<i>note 1</i>)	Beneficial owner	116,411,250	16.17%
Woodstock (<i>note 1</i>)	Interest in controlled corporation	116,411,250	16.17%
Ever Robust Holdings Limited (<i>note 2</i>)	Beneficial owner	136,800,000	19.00%
Whole Kind Investments Limited (<i>note 2</i>)	Interest in controlled corporation	136,800,000	19.00%
Interactive Entertainment China Cultural Technology Investments Limited (<i>note 2</i>)	Interest in controlled corporation	136,800,000	19.00%

Notes:

1. Luster Wealth is 100% owned by Woodstock, which is in turn owned as to approximately 89.87% by Mr. Chan.
2. These 136,800,000 shares are held by Ever Robust Holdings Limited, which is wholly-owned by Whole Kind Investments Limited, which is in turn wholly-owned by Interactive Entertainment China Cultural Technology Investments Limited. By virtue of the SFO, each of Whole Kind Investments Limited and Interactive Entertainment China Cultural Technology Investments Limited is deemed, or taken to be, interested in all the shares held by Ever Robust Holdings Limited.

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

Purchase, Sale or Redemption of the Company's Listed Securities

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

Directors' Securities Transactions

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

Corporate Governance

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

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. During the Period, the role of chairman 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.

Competing Interests

As at 30 June 2016, none of the Directors and their respective close associates (as defined in the GEM Listing Rules) had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group or had any other conflicts of interest with the Group. As at 30 June 2016, the Company did not have any controlling shareholder.

Change of Directors and Composition of Board Committees

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

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

Details of the above changes are set out in the Company's announcements dated 22 June 2016 and 23 June 2016.

Audit Committee

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

The unaudited condensed consolidated results of the Group for the Period have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

On behalf of the Board

Finsoft Financial Investment Holdings Limited

Mr. Chan Sek Keung, Ringo

Chairman

Hong Kong, 9 August 2016

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