



首華財經網絡集團有限公司

FIRST CHINA FINANCIAL NETWORK HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 08123)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

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

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

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

Pursuant to Chapter 36 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “GEM Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Securities and Futures Commission (the “SFC”) regulates First China Financial Network Holdings Limited (the “Company”) in relation to the listing of its shares on GEM of the Stock Exchange. The SFC, The Hong Kong Exchanges and Clearing Limited, and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the directors of the Company (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with 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: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

The Group recorded a turnover of approximately HK\$14,792,000 for the six months ended 30 June 2015.

Profit for the six months ended 30 June 2015 was approximately HK\$34,779,000.

Profit attributable to owners of the Company for the six months ended 30 June 2015 amounted to approximately HK\$22,525,000.

Basic earnings per share was 0.347 HK cents and diluted earnings per share was 0.346 HK cents.

The Directors do not recommend the payment of a dividend for the six months ended 30 June 2015.

INTERIM RESULTS (UNAUDITED)

The board of Directors of the Company (the “Board”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2015 together with the comparative unaudited figures for the corresponding period in 2014.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Note</i>	Three months ended		Six months ended	
		30 June		30 June	
		2015	2014	2015	2014
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	3	8,492	5,288	14,792	16,792
Cost of sales		(25)	(32)	(39)	(32)
Gross profit		8,467	5,256	14,753	16,760
Other income and gains	5	14,782	184	46,290	230
Employee benefits expenses		(9,257)	(6,350)	(19,609)	(13,090)
Depreciation of property, plant and equipment		(1,062)	(1,037)	(2,067)	(2,094)
Amortization of intangible assets		(530)	–	(1,055)	–
Finance costs		(88)	(105)	(179)	(207)
Other operating expenses		(7,161)	(5,479)	(13,768)	(14,709)
Share of profit/(loss) of associate		6,562	(1,684)	10,414	(1,947)
Profit/(loss) before income tax		11,713	(9,215)	34,779	(15,057)
Income tax expense	6	(10,929)	(9)	(10,929)	(9)
Profit/(loss) for the period		784	(9,224)	23,850	(15,066)

<i>Note</i>	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)

Other comprehensive income:

*Items that may be reclassified to
profit or loss*

Currency translation differences	(156)	(57)	(124)	(1,046)
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Other comprehensive expense for the period, net of tax	(156)	(57)	(124)	(1,046)
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Total comprehensive income/(expense) for the period	<u>628</u>	<u>(9,281)</u>	<u>23,726</u>	<u>(16,112)</u>
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**Profit/(loss) for the period
attributable to:**

Owners of the Company	217	(8,518)	22,525	(15,073)
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Non-controlling interests	<u>567</u>	<u>(706)</u>	<u>1,325</u>	<u>7</u>
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	<u>784</u>	<u>(9,224)</u>	<u>23,850</u>	<u>(15,066)</u>
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**Total comprehensive income/
(expense) for the period
attributable to:**

Owners of the Company	62	(8,585)	22,397	(16,119)
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Non-controlling interests	<u>566</u>	<u>(696)</u>	<u>1,329</u>	<u>7</u>
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	<u>628</u>	<u>(9,281)</u>	<u>23,726</u>	<u>(16,112)</u>
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<i>Note</i>	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)

**Earnings/(loss) per share attributable
to owners of the Company
for the period:**

Basic earnings/(loss) per share

(HK cents)

7	0.003	(0.210)	0.347	(0.338)
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Diluted earnings/(loss) per share

(HK cents)

7	0.003	(0.210)	0.346	(0.338)
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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 30 June 2015 <i>HK\$'000</i> (unaudited)	At 31 December 2014 <i>HK\$'000</i> (audited)
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		41,967	42,547
Intangible assets		245,673	246,839
Statutory deposits and other assets		6,129	6,107
Investments in associates		35,683	25,252
Contingent consideration receivable		4,230	4,232
		<u>333,682</u>	<u>324,977</u>
Current assets			
Inventories		2,868	3,203
Trade receivables	8	21,428	7,508
Loans and receivables		17,420	17,428
Financial assets at fair value through profit or loss	9	276,211	197,682
Prepayment, deposits and other receivables		54,269	8,479
Amount due from Directors and a former Director		806	32,541
Bank balances and cash		229,265	306,320
Restricted cash		1,910	1,911
		<u>604,177</u>	<u>575,072</u>
Total assets		<u>937,859</u>	<u>900,049</u>
Current liabilities			
Trade payables	10	20,416	15,557
Other payables and accruals		5,878	6,744
Current income tax payable		984	3,313
Borrowings	11	11,442	12,377
Deferred income tax liabilities		9,945	—
		<u>48,665</u>	<u>37,991</u>
Net current assets		<u>555,512</u>	<u>537,081</u>
Total assets less current liabilities		<u>889,194</u>	<u>862,058</u>
Non-current liabilities			
Deferred income tax liabilities		(60,774)	(60,798)
		<u>(60,774)</u>	<u>(60,798)</u>
Net assets		<u>828,420</u>	<u>801,260</u>

		At 30 June 2015 <i>HK\$'000</i> (unaudited)	At 31 December 2014 <i>HK\$'000</i> (audited)
	<i>Note</i>		
Capital and reserves			
Share capital	12	64,989	64,989
Share premium	12	1,614,799	1,614,799
Special reserve		4,779	4,779
Translation reserve		9,911	10,039
Share-based compensation reserve		32,480	29,833
Accumulated losses		<u>(905,135)</u>	<u>(928,447)</u>
Equity attributable to owners of the Company		821,823	795,992
Non-controlling interests		<u>6,597</u>	<u>5,268</u>
Total equity		<u><u>828,420</u></u>	<u><u>801,260</u></u>

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the Company								
	Share capital	Share premium	Special reserve	Translation reserve	Warrants reserve	Share-based compensation reserve	Accumulated losses	Total	Non-controlling interests
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Balance as at 1 January 2014	44,590	1,075,501	4,779	10,791	223	23,255	(1,042,988)	116,151	2,607
Total comprehensive expense for the period	-	-	-	(1,046)	-	-	(15,073)	(16,119)	7
Balance as at 30 June 2014	44,590	1,075,501	4,779	9,745	223	23,255	(1,058,061)	100,032	2,614

	Attributable to owners of the Company								
	Share capital	Share premium	Special reserve	Translation reserve	Warrants reserve	Share-based compensation reserve	Accumulated losses	Total	Non-controlling interests
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Balance as at 1 January 2015	64,989	1,614,799	4,779	10,039	29,833	(928,447)	795,992	5,268	801,260
Total comprehensive income for the period	-	-	-	(128)	-	22,525	22,397	1,329	23,726
Equity-settled share options arrangement	-	-	-	-	3,944	-	3,944	-	3,944
Share options lapsed and forfeited	-	-	-	-	(1,297)	787	(510)	-	(510)
Balance as at 30 June 2015	64,989	1,614,799	4,779	9,911	32,480	(905,135)	821,823	6,597	828,420

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Net cash used in operating activities	(82,433)	(23,491)
Net cash used in investing activities	(1,489)	(24,774)
Net cash used in financing activities	<u>(935)</u>	<u>(907)</u>
Net decrease in cash and cash equivalents	(84,857)	(49,172)
Cash and cash equivalents at beginning of period	<u>292,073</u>	<u>77,090</u>
Cash and cash equivalents at end of period	<u>207,216</u>	<u>27,918</u>
Bank balances of cash include the following for the purposes of the condensed consolidated statement of cash flows:		
Cash at bank and on hand	229,265	34,307
Segregated trust bank balances	<u>(22,049)</u>	<u>(6,389)</u>
Cash and cash equivalents	<u>207,216</u>	<u>27,918</u>

Notes:

1. General Information

First China Financial Network Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) is principally engaged in (i) provision of the precious metals spot trading and brokerage services in the People’s Republic of China (the “PRC”), (ii) provision of securities and futures contracts trading services and wealth management services in Hong Kong, (iii) trading and principal investments in the PRC and Hong Kong, (iv) provision of a trading platform in the PRC and Hong Kong, (v) research, exploration and development of the student safety network project and the electronic student card in the PRC, and (vi) provision of stock information and research services through the internet network in the PRC.

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands. The Company’s shares are listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars, while the functional currencies of certain subsidiaries are Renminbi (“RMB”). The Company has selected Hong Kong dollar as its presentation currency as management considered it is more beneficial to the users of the unaudited condensed consolidated financial statements. These unaudited condensed consolidated financial statements have been approved and authorized for issue by the board of Directors on 6 August 2015.

2. Basis of Preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards. They have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

In addition, the unaudited condensed consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The principal accounting policies applied in the preparation of these unaudited condensed consolidated financial statements were consistent with those applied for the financial statements of the Group for the year ended 31 December 2014.

3. Revenue

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

	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Commission income from securities and futures brokerage	1,096	257	1,462	603
Commission income from precious metals brokerage	1,713	2,769	4,205	7,873
Spot trading profit on precious metals contracts, net	4,704	2,083	8,014	8,026
Trading of electronic student cards and school safety products	731	–	784	–
Interest income from clients	356	124	496	251
Net loss on trading of securities	(365)	–	(645)	–
Income from provision of wealth management services	–	5	–	7
Consultancy fee income	257	50	476	32
	<u>8,492</u>	<u>5,288</u>	<u>14,792</u>	<u>16,792</u>

4. Segment Information

The Executive Directors consider the Group has seven reportable segments: (1) provision of brokerage and securities margin financing services; (2) precious metals spot trading and brokerage; (3) trading of electronic student cards and school safety products; (4) trading and principal investments; (5) provision of wealth management services; (6) provision of stock information and research services; and (7) provision of a trading platform.

The segment information of the reportable segments for the six months ended 30 June 2014 is as follows:

	Brokerage and securities margin financing services <i>HK\$'000</i> (unaudited)	Precious metals spot trading and brokerage <i>HK\$'000</i> (unaudited)	Trading and principal investments <i>HK\$'000</i> (unaudited)	Wealth management services <i>HK\$'000</i> (unaudited)	Stock information and research services <i>HK\$'000</i> (unaudited)	Provision of a trading platform <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Segment revenue from external customers	<u>854</u>	<u>15,899</u>	<u>–</u>	<u>7</u>	<u>32</u>	<u>–</u>	<u>16,792</u>
Segment results	<u>(1,746)</u>	<u>25</u>	<u>–</u>	<u>6</u>	<u>(2,228)</u>	<u>–</u>	<u>(3,943)</u>
Net unallocated expenses							(8,960)
Finance costs							(207)
Share of loss of associates							<u>(1,947)</u>
Loss before income tax							(15,057)
Income tax expense							<u>(9)</u>
Loss for the period							<u><u>(15,066)</u></u>

The segment information of the reportable segments for the six months ended 30 June 2015 is as follows:

	Brokerage and securities margin financing services <i>HK\$'000</i> (unaudited)	Precious metals spot trading and brokerage <i>HK\$'000</i> (unaudited)	Trading of electronic student cards and school safety products <i>HK\$'000</i> (unaudited)	Trading and principal investments <i>HK\$'000</i> (unaudited)	Wealth management services <i>HK\$'000</i> (unaudited)	Stock information and research services <i>HK\$'000</i> (unaudited)	Provision of a trading platform <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Segment revenue from external customers	<u>1,958</u>	<u>12,219</u>	<u>784</u>	<u>(645)</u>	<u>–</u>	<u>476</u>	<u>–</u>	<u>14,792</u>
Segment results	<u>(700)</u>	<u>3,927</u>	<u>(5,577)</u>	<u>42,814</u>	<u>–</u>	<u>(2,445)</u>	<u>–</u>	<u>38,019</u>
Net unallocated expenses								(13,475)
Finance costs								(179)
Share of profit of associate								<u>10,414</u>
Profit before income tax								34,779
Income tax expense								<u>(10,929)</u>
Profit for the period								<u><u>23,850</u></u>

The Group mainly operates in Hong Kong and the PRC.

	Six months ended	
	30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Revenue		
Hong Kong	1,313	861
The PRC	13,479	15,931
	<u>14,792</u>	<u>16,792</u>

Revenue from external customers is allocated based on the country in which the customer is located.

5. Other Income and Gains

	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other income				
CCASS fee income	16	4	25	12
Handling fee income	13	147	24	160
Interest income on bank deposits	116	17	262	35
Dividend income	1,932	–	1,932	–
Sundry income	18	16	404	23
	<u>2,095</u>	<u>184</u>	<u>2,647</u>	<u>230</u>
Other gains				
Financial assets at fair value through profit or loss				
– Fair value gains on securities trading	12,687	–	43,643	–
	<u>14,782</u>	<u>184</u>	<u>46,290</u>	<u>230</u>

6. Income Tax Expense

	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current income tax:				
Current tax on profits for the period				
– PRC Enterprise Income Tax	984	–	984	–
Deferred income tax				
– Current period	9,945	–	9,945	–
	<u>10,929</u>	<u>–</u>	<u>10,929</u>	<u>–</u>
	<u>10,929</u>	<u>–</u>	<u>10,929</u>	<u>–</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the period. No provision for Hong Kong Profits Tax has been made in the unaudited condensed consolidated financial statements as the Company incurred a tax loss for the period (2014: Nil). Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

7. Earnings/(Loss) Per Share

The calculation of the basic and diluted earnings/(loss) per share attributable to owners of the Company is based on the following data:

	Six months ended	
	30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit/(loss)		
Profit/(loss) for the purpose of basic and diluted earnings/(loss) per share	<u>22,525</u>	<u>(15,073)</u>
Number of shares		
Weighted average number of ordinary shares in issue		
for calculating basic earnings/(loss) per share	6,498,958,120	4,458,960,120
Effect of deemed issue of shares under the Company's		
share option scheme for nil consideration	<u>10,648,655</u>	<u>–</u>
Weighted average number of ordinary shares in issue		
for calculating diluted earnings per share	<u>6,509,606,775</u>	<u>4,458,960,120</u>

The computation of diluted loss per share for the period ended 30 June 2014 does not assume the exercise of the Company's share options and warrants outstanding during the period ended 30 June 2014 since their exercise would result in a decrease in loss per share.

8. Trade Receivables

	At 30 June 2015 HK\$'000 (unaudited)	At 31 December 2014 HK\$'000 (audited)
Amounts receivable arising from securities broking:		
Margin clients	10,440	3,527
Cash clients	7,587	701
Amounts receivable arising from precious metals spot trading and brokerage:		
PMEC (net)	33	33
Shenzhen Qianhai First China International Commodities Exchange Centre Limited (net)	1,304	1,304
Other trade receivables	2,100	1,979
	21,464	7,544
Less: Provision for impairment loss	(36)	(36)
Trade receivables, net	21,428	7,508

Amounts receivable from margin clients are repayable on demand, bear interest at prevailing market rates and are secured by clients' pledged securities which are listed on the Stock Exchange with a total market value of approximately HK\$61,543,000 as at 30 June 2015 (31 December 2014: approximately HK\$19,268,000). No aged analysis is disclosed as, in the opinion of the directors, the aged analysis does not give additional value in view of the nature of the business of securities margin financing.

The settlement terms of amounts receivable arising from securities broking are one or two trade days after the trade execution date. Except for the amounts receivable from margin clients as mentioned above, these balances are aged within 30 days.

Other trade receivables arising from the trading of electronic student cards are due immediately from date of billing but the Group will generally grant a credit period of 60 days on average to its customers. Trade receivables arising from the provision of wealth management services are with credit term of 30 to 90 days.

The following is an aged analysis of other trade receivables at the end of reporting period:

	At 30 June 2015 <i>HK\$'000</i> (unaudited)	At 31 December 2014 <i>HK\$'000</i> (audited)
0 – 30 days	2,064	1,943
31 – 90 days	–	–
91 – 180 days	–	–
181 – 365 days	–	–
Over 365 days	–	–
	2,064	1,943

The maximum exposure to credit risk at the end of reporting period is the carrying amounts of trade receivables. Other than the amounts receivable from margin clients, the Group does not hold any collateral as security in respect of its trade receivables.

As at 30 June 2015 and 31 December 2014, all other receivables were not past due.

Movements on the provision of impairment of trade receivables are as follows:

	At 30 June 2015 <i>HK\$'000</i> (unaudited)	At 31 December 2014 <i>HK\$'000</i> (audited)
At beginning of period	36	120
Reversal of impairment of trade receivables	–	(84)
	36	36

9. Financial Assets at Fair Value Through Profit or Loss

	At 30 June 2015 <i>HK\$'000</i> (unaudited)	At 31 December 2014 <i>HK\$'000</i> (audited)
Listed equity – held for trading		
Equity securities – Hong Kong	<u>276,211</u>	<u>197,682</u>

Financial assets at fair value through profit or loss are presented within “operating activities” as part of changes in working capital in the statement of cash flows.

Changes in fair values of financial assets at fair value through profit or loss are recorded in “other gains” in the condensed consolidated statement of profit or loss and other comprehensive income.

The fair value of all equity securities is based on their current bid prices in an active market.

10. Trade Payables

	At 30 June 2015 <i>HK\$'000</i> (unaudited)	At 31 December 2014 <i>HK\$'000</i> (audited)
Amounts payable arising from securities broking:		
Margin clients	16,847	104
Cash clients	–	15,384
HKSCC, net	3,186	63
Other trade payables	<u>383</u>	<u>6</u>
	<u>20,416</u>	<u>15,557</u>

Amounts payable to margin clients are repayable on demand. No aged analysis is disclosed as, in the opinion of the directors, the aged analysis does not give additional value in view of the nature of the business of securities margin financing.

The settlement terms of amounts payable arising from securities broking are one or two trade days after the trade execution date. Except for the amounts payable to margin clients as mentioned above, these balances are aged within 30 days.

The following is an aged analysis of other trade payables at the end of reporting period:

	At 30 June 2015 HK\$'000 (unaudited)	At 31 December 2014 HK\$'000 (audited)
0 – 30 days	377	–
31 – 90 days	–	–
91 – 180 days	–	–
181 – 365 days	–	–
Over 365 days	6	6
	<u>383</u>	<u>6</u>

11. Borrowings

	At 30 June 2015 HK\$'000 (unaudited)	At 31 December 2014 HK\$'000 (audited)
Borrowings included in current liabilities		
Secured bank borrowings	<u>11,442</u>	<u>12,377</u>

12. Share Capital and Premium

	Number of issued shares (in thousands)	Ordinary shares HK\$'000	Share premium HK\$'000	Total HK\$'000
As at 1 January 2015 and as at 30 June 2015	<u>6,498,958</u>	<u>64,989</u>	<u>1,614,799</u>	<u>1,679,788</u>

The total authorized number of ordinary shares is 10,000,000,000 shares (2014: 10,000,000,000 shares) with a par value of HK\$0.01 per share (2014: HK\$0.01 per share). All issued shares are fully paid.

13. Dividend

The Directors do not recommend the payment of a dividend for the period ended 30 June 2015 (2014: Nil).

14. Fair Value Measurement of Financial Instruments

(a) Financial instruments measured at fair value

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	The Group			
	Total	Level 1	Level 2	Level 3
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 30 June 2015				
Financial assets at fair value through profit or loss (<i>note 9</i>)	–	–	–	–
– securities held for trading	276,211	276,211	–	–
Contingent consideration receivable	<u>4,230</u>	<u>–</u>	<u>–</u>	<u>4,230</u>
	Total	Level 1	Level 2	Level 3
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 31 December 2014				
Financial assets at fair value through profit or loss (<i>note 9</i>)	–	–	–	–
– securities held for trading	197,682	197,682	–	–
Contingent consideration receivable	<u>4,232</u>	<u>–</u>	<u>–</u>	<u>4,232</u>

As at 30 June 2015 and 31 December 2014, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(b) Fair value of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2015 and 31 December 2014.

(c) **Information about Level 3 fair value measurements**

	Valuation techniques	Unobservable input	Range
Contingent consideration receivable	Discounted cashflow method	Discount rate	19%

The fair value of the contingent consideration receivable is determined using a discounted cash flow method. The discount rate of 19% was used.

The movements during the period in the balance of these Level 3 fair value measurements are as follows:–

Contingent consideration receivable	HK\$'000
At 1 January 2015	4,232
Currency transaction differences	<u>(2)</u>
At 30 June 2015	<u><u>4,230</u></u>

BUSINESS REVIEW

The Group in the six months ended 30 June 2015 recorded a turnover of approximately HK\$14.79 million, which was a decrease of approximately HK\$2.00 million compared with the last corresponding period. Such decrease mainly came from decrease of commission income from precious metals brokerage.

For proprietary stock trading, the Group recorded an unrealized gain of approximately HK\$43.64 million and realized loss of HK\$0.65 million for the six months ended 30 June 2015.

Reference is made to the announcement of the Company dated 3 February 2015 relating to the entering into of the agreement for intent in respect of the proposed acquisition of 100% of the registered capital of 民勤量子新能源有限公司 (transliterated as Minqin Quantum New Energy Co. Ltd.). Upon further deliberations of the issues in the proposed acquisition, there were certain issues relating to the due diligence review which cannot be resolved to the satisfaction of the Company, the parties thereunder mutually agreed to terminate the agreement for intent and entered into the termination agreement on 29 May 2015.

In April 2015, the Group has entered into the framework investment agreement with the Fushun Municipal People's Government and 內蒙古香島光伏農業有限公司 (transliterated as Inner Mongolia Xiang Dao Photovoltaic Agricultural Company Limited) concerning the proposed investment in the agricultural industrial park and photovoltaic power generation plant project with a total investment of RMB2.30 billion in Fu Shun City, Liaoning Province, PRC.

FINANCIAL REVIEW

The Group recorded an unaudited total revenue of approximately HK\$14.79 million for the six months ended 30 June 2015 compared with that of approximately HK\$16.79 million for the corresponding period in 2014. Decrease of approximately HK\$2.00 million in revenue due to the decline in the brokerage income of the precious metals business operated in the PRC.

In the period under review, commission income from precious metals business recorded approximately HK\$4.21 million, decreased approximately HK\$3.66 million or 46.5% compared with approximately HK\$7.87 million of the same period of last year.

Employee benefits expenses showed of approximately HK\$19.61 million for the period, increased of approximately HK\$6.52 million compared with the same period of last year. Mainly due to the share options granted to the director and employee of approximately HK\$4.41 million which incurred during the acquisition of new business of trading of electronic student cards and school safely products in the third quarter of last year.

For the six months ended 30 June 2015, the Group recorded an unaudited profit of approximately HK\$23.85 million, turnaround from loss of approximately HK\$15.07 million for the corresponding period. The significant improve of the result due to the unrealized fair value gains on listed equity investment of approximately HK\$43.64 million in the period under review. Profit attributable to owners of the Company was approximately HK\$22.53 million, compared with loss of approximately HK\$15.07 million for the corresponding period last year. In summary, the earnings per share for the reporting period was approximately 0.34 HK cents while the loss per share was approximately 0.34 HK cents for the same period last year.

The Group's total current assets at as 30 June 2015 amounted to approximately HK\$604.18 million and the liquidity of the Group, as demonstrated by the current ratio (current assets/current liabilities) was 12.4 times. The Group's bank balances and cash approximately to HK\$229.27 million as at 30 June 2015 of which approximately HK\$22.05 million were held on behalf of clients in trust and segregated accounts. The total borrowings amounted to HK\$11.44 million which was secured by the charges over certain of the Group's land and buildings and corporate guarantee executed by the Company.

The equity attributable to owners of the Company amounted to approximately HK\$821.82 million as at 30 June 2015, representing a increase of approximately HK\$25.83 million, or 3.2% from that of 31 December 2014.

OUTLOOK

The Group will continuously monitor and review the existing businesses such as (i) provision of the precious metals spot trading and brokerage services in the PRC, (ii) provision of securities and futures contracts trading services and wealth management services in Hong Kong, (iii) trading and principal investments in the PRC and Hong Kong, (iv) provision of a trading platform in the PRC and Hong Kong, (v) research, exploration and development of the student safety network project and the electronic student card in the PRC, and (vi) provision of stock information and research services through the internet network in the PRC.

As mentioned above, the Group has entered into the framework investment agreement with the Fushun Municipal People's Government and 內蒙古香島光伏農業有限公司 (transliterated as Inner Mongolia Xiang Dao Photovoltaic Agricultural Company Limited) concerning the proposed investment in the agricultural industrial park and photovoltaic power generation plant project in Fu Shun City, Liaoning Province, PRC. The Group will monitor the development of the proposed investment and expect it can generate revenue to the Group in coming years.

Looking ahead, the Group remains positive and optimistic about the prospects of Hong Kong stock market. We will continue to closely monitor the changes in the market.

The Group will continue to strengthen its existing businesses and to seek opportunities to expand into new markets to make a healthy and sustainable growth of the Group.

DIRECTORS' REPORT

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

As at 30 June 2015, the interests or short positions of the Directors and chief executive of the Company 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 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 are taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in shares of the Company

Name of Directors	Number of shares			Total	Approximate percentage of shareholding
	Personal Interests	Family Interests	Corporate Interests		
Wang Wenming (<i>Note 1</i>)	450,212,307	145,116,650	–	595,328,957	9.16%
Lee Yiu Sun	110,060,000	–	–	110,060,000	1.69%
Wang Jiawei	202,043,628	–	–	202,043,628	3.11%
Liu Runtong	2,646,000	–	–	2,646,000	0.04%

Note:

- (1) Mr. Wang Wenming held 450,212,307 shares of the Company. Ms. Chen Dongjin, the spouse of Mr. Wang Wenming, held 145,116,650 shares of the Company. As such, Mr. Wang Wenming was deemed to be interested in 595,328,957 shares of the Company.

(b) Long positions in underlying shares of the Company

Share option scheme of the Company

The share option scheme adopted by the Company on 17 December 2001 (the “Old Share Option Scheme”) has expired on 16 December 2011. The Company adopted a new share option scheme on its annual general meeting held on 21 June 2012 (the “New Share Option Scheme”) which complies with Chapter 23 of GEM Listing Rules.

The following table discloses the details of the share options held by the Directors and chief executive to subscribe for shares of the Company during the period ended 30 June 2015:

Name of Director	Date of grant	Number of share options				Outstanding as at 30 June 2015	Option period	Exercise price (HK\$)
		Outstanding as at 1 January 2015	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period			
Wang Wenming	13/04/2010	11,682,577	–	–	–	11,682,577	13/04/2010 – 12/04/2020	0.419
Lee Yiu Sun	13/04/2010	31,861,575	–	–	–	31,861,575	13/04/2010 – 12/04/2020	0.419
Lee Yiu Sun	05/09/2007	4,248,210	–	–	–	4,248,210	05/09/2007 – 04/09/2017	0.215
Liu Runtong	13/04/2010	31,861,575	–	–	–	31,861,575	13/04/2010 – 12/04/2020	0.419
Zhang Benzhen	13/04/2010	2,124,105	–	–	–	2,124,105	13/04/2010 – 12/04/2020	0.419
Haroon Hasan	22/09/2014	10,000,000	–	–	10,000,000 (Note 2)	–	22/09/2014 – 21/09/2024	0.518
James Beeland Rogers Jr.	22/09/2014	20,000,000	–	–	–	20,000,000	22/09/2014 – 21/09/2024	0.518
Chen Li	13/11/2014	15,000,000	–	–	–	15,000,000	13/11/2014 – 12/11/2024	0.590

Note:

- (2) With effect from 4 February 2015, Mr. Haroon Hasan resigned as an executive Director of the Company. Accordingly his entitlement to share option lapsed on the same date. Reference is made to the announcement of the Company dated 4 February 2015.

Save as disclosed above, at no time during the period under review was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or chief executive to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate and neither the Directors, nor the chief executive, nor any of their respective spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

(c) Short positions in underlying shares of the Company

Name of Director	Number of shares		Approximate percentage of shareholding
	Personal Interest	Corporate Interest	
Lee Yiu Sun (<i>Note 3</i>)	50,000,000	–	0.77%

Note:

- (3) Pursuant to an option deed dated 31 August 2005, Asia Network Holdings Limited entered into an option deed with Mr. Lee Yiu Sun (“Mr. Lee”) whereby Mr. Lee granted Asia Network Holdings Limited an option to purchase all or part of his 50,000,000 shares in the Company at such time and such price when Mr. Lee intends to transfer or dispose of all or part of the shares to any person during the period commencing on 31 August 2005 till the date when Mr. Lee ceases to be interested in the shares.

Save as disclosed above, during the period under review, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) are required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (iii) are required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company

So far as is known to any Directors of the Company, as at 30 June 2015, the following persons (not being a Director or chief executive of the Company) had interests in the shares or underlying shares which were notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under section 336 of the SFO:

(a) Long positions in shares of the Company

Name of shareholders	Capacity	Number of shares	Approximate percentage of shareholding
Wang Wenming and Chen Dongjin (<i>Note 1</i>)	Beneficial owners	595,328,957	9.16%
Zhu Wei	Beneficial owners	350,004,000	5.39%

Note:

- (1) Ms. Chen Dongjin held 145,116,650 shares of the Company. Ms. Chen Dongjin is the spouse of a Director of the Company, Mr. Wang Wenming who held 450,212,307 shares of the Company. As such, they were deemed to be collectively interested in 595,328,957 shares of the Company.

(b) Long positions in underlying shares of the Company

Name of shareholders	Capacity	Number of shares	Approximate percentage of shareholding
Wang Wenming and Chen Dongjin (<i>Note 2</i>)	Beneficial owners	11,682,577	0.18%

Note:

- (2) Pursuant to the Old Share Option Scheme, Mr. Wang Wenming was granted share options on 13 April 2010, the number of shares underlying which was adjusted on 15 June 2010, to subscribe for 11,682,577 shares of the Company. Ms. Chen Dongjin is the spouse of Mr. Wang Wenming so they were deemed to be collectively interested in the share options to subscribe for 11,682,577 shares of the Company.

Save as disclosed above, as at 30 June 2015, the Company had not been notified of any other person (other than the Directors whose interests are set out in the section “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company” above) who had an interest or short position in the shares or underlying shares of the Company and was required to be recorded in the register required to be kept under Section 336 of the SFO and/or was directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

Details of the Share Options Granted by the Company

Share Option Scheme of the Company

The Company operates the share option scheme under which the persons working for the interest of the Group are entitled to an opportunity to obtain equity interest in the Company. Since the share option scheme adopted by the Company on 17 December 2001 (the “Old Share Option Scheme”) has expired on 16 December 2011. The Company adopted a new share option scheme on its annual general meeting held on 21 June 2012 (the “New Share Option Scheme”) which complies with Chapter 23 of GEM Listing Rules.

The outstanding options granted under the Old Share Option Scheme shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects. The provisions of the Old Share Option Scheme shall remain in full force and effect notwithstanding the expiry of the Old Share Option Scheme.

The New Share Option Scheme will remain valid for a period of 10 years commencing on 21 June 2012 and in such event, no further options will be offered but the provisions of the New Share Option Scheme shall in all other respects remain in full force and effect.

The number of shares in respect of which options may be granted under the share option scheme and any other share option schemes are not permitted to exceed 30% of the shares of the Company in issue from time to time, without prior approval from the Company’s shareholders.

On 5 September 2007, 13 April 2010, 22 September 2014 and 13 November 2014, options to subscribe for 32,400,000 shares, 84,000,000 shares, 30,000,000 shares and 15,000,000 shares of the Company respectively were granted to the Directors and certain employees of the Company. As at 30 June 2015, details of the outstanding options were as follows:

Date of grant	Number of share options				Option period	Exercise price (HK\$)
	Outstanding as at 1 January 2015 (Note 1)	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period		
05/09/2007	4,779,236	–	–	–	05/09/2007 – 04/09/2017	0.215
13/04/2010	86,026,253	–	–	–	13/04/2010 – 12/04/2020	0.419
22/09/2014	30,000,000	–	–	10,000,000 (Note 2)	22/09/2014 – 21/09/2024	0.518
13/11/2014	15,000,000	–	–	–	13/11/2014 – 12/11/2024	0.590

Notes:

- (1) Pursuant to the Old Share Option Scheme, 32,400,000 and 84,000,000 shares of share options were granted by the Company on 5 September 2007 and 13 April 2010 respectively and were adjusted on 15 June 2010.
- (2) With effect from 4 February 2015, Mr. Haroon Hasan resigned as an executive Director of the Company. Accordingly his entitlement to share option lapsed on the same date. Reference is made to the announcement of the Company dated 4 February 2015.

Directors' Interest in Competing Business

As at 30 June 2015, the Directors were not aware of any business or interest of each Director, management shareholder (as defined in the GEM Listing Rules) and the respective associates of each that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

Compliance with Code on Corporate Governance Practice

The Company has applied the principles and has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules throughout the period under review.

Directors' Securities Transaction

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

Purchase, Redemption or Sale of Listed Securities

During the period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

Audit Committee

In compliance with Rules 5.28 to 5.33 of the GEM Listing Rules, the Company has established an Audit Committee with written terms of reference which deal clearly with its authority and duties. The principal duties of the Audit Committee of the Company are to review and supervise the financial reporting process and internal control procedures of the Group.

The Audit Committee comprises 4 independent non-executive Directors, namely Professor Zhang Benzheng, Mr. Tony I Tong, Mr. Li Jianxing and Professor Chen Shu Wen.

The Audit Committee has reviewed the financial statements of the Group for the six months ended 30 June 2015 pursuant to the relevant provisions contained in the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure has been made in respect thereof.

By order of the Board
First China Financial Network Holdings Limited
Lee Yiu Sun
Executive Director

Hong Kong, 6 August 2015

As of the date of this announcement, the executive Directors are Mr. Wang Wenming, Mr. Lee Yiu Sun, Mr. Wang Jiawei, Mr. Chen Li and Ms. Lai Yuk Mui, the non-executive Directors are Mr. Liu Runtong and Mr. James Beeland Rogers Jr. and the independent non-executive Directors are Professor Zhang Benzheng, Mr. Tony I Tong, Mr. Li Jianxing and Professor Chen Shu Wen.

This announcement will remain on the “Latest Company Announcements” page of the website of the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the Company’s website at <http://www.firstchina.hk>.