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)**

# ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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.**



*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 that: (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$50,000,000 for the year ended 31 December 2015.

Loss for the year ended 31 December 2015 was approximately HK$61,000,000.

Loss attributable to owners of the Company for the year ended 31 December 2015 amounted to approximately HK$62,800,000.

Basic loss per share was 0.97 HK cents and diluted loss per share was 0.97 HK cents.

The Directors do not recommend the payment of a dividend for the year ended 31 December 2015.

## FINAL RESULTS

The board of Directors of the Company (the "Board") announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2015 together with the comparative audited figures for the corresponding period in 2014.

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

*For the year ended 31 December 2015*

| | *Note* | **2015** *HK$* | 2014 *HK$* |
|---|---|---|---|
| Revenue | *3* | **50,007,292** | 40,616,592 |
| Cost of sales | | **(1,318,189)** | (2,243,738) |
| Gross profits | | **48,689,103** | 38,372,854 |
| Other income and net (loss)/gains | *5* | **(22,697,637)** | 86,365,886 |
| Employee benefits expenses | | **(37,241,505)** | (33,825,167) |
| Depreciation of property, plant and equipment | | **(5,451,113)** | (5,613,885) |
| Amortization of intangible assets | *10* | **(2,084,557)** | (887,435) |
| Impairment of intangible assets | *10* | **(93,191,960)** | – |
| Impairment loss of interests in associates | *11* | **(5,059,075)** | – |
| Finance costs | *6* | **(344,576)** | (399,844) |
| Other operating expenses | | **(26,322,548)** | (31,368,196) |
| Gain on bargain purchase | | **–** | 74,145,459 |
| Change in fair value of contingent consideration receivable | | **27,278,678** | (8,018,240) |
| Share of profit or loss of associate | | **36,748,757** | 1,594,693 |
| (Loss)/profit before income tax | *7* | **(79,676,433)** | 120,366,125 |
| Income tax income/(expense) | *8* | **18,628,673** | (3,147,706) |
| (Loss)/profit for the year | | **(61,047,760)** | 117,218,419 |
| **Other comprehensive loss:** | | | |
| *Items that may be reclassified to profit or loss* | | | |
| Currency translation differences: | | | |
| – Group | | **(12,344,742)** | (235,204) |
| – Share of other comprehensive income of an associate | | **(2,254,284)** | (534,354) |
| Other comprehensive loss for the year, net of tax | | **(14,599,026)** | (769,558) |
| Total comprehensive (loss)/income for the year | | **(75,646,786)** | 116,448,861 |

| | Note | 2015 HK$ | 2014 HK$ |
|---|---|---|---|
| **(Loss)/profit attributable to:** | | | |
| Owners of the Company | *9* | **(62,850,046)** | 114,540,442 |
| Non-controlling interests | | **1,802,286** | 2,677,977 |
| | | **(61,047,760)** | 117,218,419 |
| **Total comprehensive (loss)/income for the year attribute to:** | | | |
| Owners of the Company | | **(77,385,459)** | 113,788,027 |
| Non-controlling interests | | **1,738,673** | 2,660,834 |
| | | **(75,646,786)** | 116,448,861 |
| **(Loss)/earnings per share attributable to owners of the Company for the year** | | | |
| Basic (loss)/earnings per share *(HK cents)* | *9* | | |
| From (loss)/profit for the year | | **(0.97)** | 2.31 |
| Diluted (loss)/earnings per share *(HK cents)* | *9* | | |
| From (loss)/profit for the year | | **(0.97)** | 2.14 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2015*

| | Note | 2015 HK$ | 2014 HK$ |
|---|---|---|---|
| **Non-current asset** | | | |
| Property, plant and equipment | | **40,711,061** | 42,547,096 |
| Intangible assets | *10* | **142,651,502** | 246,839,417 |
| Statutory deposits and other assets | | **2,304,395** | 6,106,735 |
| Interests in associates | *11* | **47,942,898** | 25,251,797 |
| Contingent consideration receivable | | **31,511,100** | 4,232,422 |
| | | **265,120,956** | 324,977,467 |
| **Current assets** | | | |
| Inventories | | **3,729,957** | 3,202,908 |
| Trade receivables | *12* | **9,800,843** | 7,507,770 |
| Loans and receivables | | **19,518,345** | 17,427,620 |
| Financial assets at fair value through profit or loss | *13* | **201,969,810** | 197,682,520 |
| Prepayments, deposits and other receivables | | **33,578,031** | 8,479,016 |
| Amounts due from former Directors | *14* | **831,419** | 32,541,415 |
| Bank balances and cash | | **265,901,547** | 306,319,906 |
| Restricted cash | | **1,815,795** | 1,910,811 |
| | | **537,145,747** | 575,071,966 |
| **Total assets** | | **802,266,703** | 900,049,433 |
| **Current liabilities** | | | |
| Trade payables | *15* | **16,681,530** | 15,556,792 |
| Other payables and accruals | | **4,388,082** | 6,743,910 |
| Current income tax payable | | **541,663** | 3,312,793 |
| Borrowings | *16* | **10,494,013** | 12,377,681 |
| | | **32,105,288** | 37,991,176 |
| **Net current assets** | | **505,040,459** | 537,080,790 |
| **Total assets less current liabilities** | | **770,161,415** | 862,058,257 |

| | 2015 | 2014 |
|---|---|---|
| | *HK$* | *HK$* |
| **Non-current liabilities** | | |
| Deferred income tax liabilities | **39,445,051** | 60,798,607 |
| | **39,445,051** | 60,798,607 |
| **Net assets** | **730,716,364** | 801,259,650 |
| **Capital and reserves** | | |
| Share capital | **64,989,582** | 64,989,582 |
| Share premium | **1,614,798,866** | 1,614,798,866 |
| Special reserve | **4,778,740** | 4,778,740 |
| Statutory reserve | **3,911,530** | – |
| Translation reserve | **(4,496,526)** | 10,038,887 |
| Share-based compensation reserve | **34,149,275** | 29,832,788 |
| Accumulated losses | **(994,422,010)** | (928,447,064) |
| **Equity attributable to owners of the Company** | **723,709,457** | 795,991,799 |
| **Non-controlling interests** | **7,006,907** | 5,267,851 |
| Total equity | **730,716,364** | 801,259,650 |

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

*For the year ended 31 December 2015*

| | Attributable to owners of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital *HK$* | Share premium *HK$* | Special reserve *HK$* | Statutory Reserve *HK$* | Translation reserve *HK$* | Warrants reserve *HK$* | Share-based Compensation Reserve *HK$* | Accumulated losses *HK$* | Total *HK$* | Non-controlling interest *HK$* | Total equity *HK$* |
| Balance as at 1 January 2014 | 44,589,602 | 1,075,500,687 | 4,778,740 | – | 10,791,302 | 223,224 | 23,254,749 | (1,042,987,506) | 116,150,798 | 2,607,017 | 118,757,815 |
| Total comprehensive income for the year | – | – | – | – | (752,415) | – | – | 114,540,442 | 113,788,027 | 2,660,834 | 116,448,861 |
| Equity-settled share option arrangements | – | – | – | – | – | – | 6,578,039 | – | 6,578,039 | – | 6,578,039 |
| Issue of shares by way of placement | 8,899,980 | 355,999,200 | – | – | – | – | – | – | 364,899,180 | – | 364,899,180 |
| Issue of shares upon exercise of warrant | 8,000,000 | 91,423,224 | – | – | – | (223,224) | – | – | 99,200,000 | – | 99,200,000 |
| Issue of shares related with business combination | 3,500,000 | 101,500,000 | – | – | – | – | – | – | 105,000,000 | – | 105,000,000 |
| Transaction costs attributable to the placement of shares | – | (9,624,245) | – | – | – | – | – | – | (9,624,245) | – | (9,624,245) |
| Balance as at 31 December 2014 | 64,989,582 | 1,614,798,866 | 4,778,740 | – | 10,038,887 | – | 29,832,788 | (928,447,064) | 795,991,799 | 5,267,851 | 801,259,650 |
| Balance as at 1 January 2015 | **64,989,582** | **1,614,798,866** | **4,778,740** | **–** | **10,038,887** | **–** | **29,832,788** | **(928,447,064)** | **795,991,799** | **5,267,851** | **801,259,650** |
| Total comprehensive loss for the year | **–** | **–** | **–** | **–** | **(14,535,413)** | **–** | **–** | **(62,850,046)** | **(77,385,459)** | **1,738,673** | **(75,646,786)** |
| Equity-settled share option arrangements | **–** | **–** | **–** | **–** | **–** | **–** | **5,103,117** | **–** | **5,103,117** | **–** | **5,103,117** |
| Transfer of share-based compensation reserve upon the forfeiture or expiry of share options | **–** | **–** | **–** | **–** | **–** | **–** | **(786,630)** | **786,630** | **–** | **–** | **–** |
| Share of revenue reserve of an associate | **–** | **–** | **–** | **3,911,530** | **–** | **–** | **–** | **(3,911,530)** | **–** | **–** | **–** |
| Capital contribution from non-controlling interests | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **383** | **383** |
| Balance as at 31 December 2015 | **64,989,582** | **1,614,798,866** | **4,778,740** | **3,911,530** | **(4,496,526)** | **–** | **34,149,275** | **(994,422,010)** | **723,709,457** | **7,006,907** | **730,716,364** |

# NOTES:

## 1. GENERAL INFORMATION

The Group is principally engaged in (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, (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 registered office is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business is situated at 16th Floor, CMA Building, No.64-66 Connaught Road Central, Hong Kong.

The Company's shares are listed on the GEM of the Stock Exchange.

The 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 consolidated financial statements. These consolidated financial statements have been approved and authorized for issue by the Board of Directors on 15 March 2016.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Basis of preparation**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of Stock Exchange ("GEM Listing Rules") and by the applicable disclosure requirements of the Hong Kong Companies Ordinance. ("CO"). The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

***Changes in accounting policy and disclosures***

*(a) New and amended standards adopted by the Group*

| | |
|---|---|
| Amendments to HKAS 19 | Defined benefit plans: Employee contributions |
| Amendments to HKFRSs | Annual improvements to HKFRSs 2010-2012 cycle |
| Amendments to HKFRSs | Annual improvements to HKFRSs 2011-2013 cycle |

The impact of the application of these standards is set out below.

Amendments to HKAS 19, Employee benefits: Defined benefit plans: Employee contributions

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, a companies is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments do not have an impact on these financial statements as the Group do not have any defined benefit plans.

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24, *Related party disclosures* has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the group's related party disclosures as the group does not obtain key management personnel services from management entities.

The provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and director's reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the GEM Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 and presented or disclosed in the consolidated financial statement based on the new requirements. Information previously required to be disclosed under the predecessor CO or GEM Listing Rules but not under the new CO or amended GEM Listing Rules are not disclosed in these consolidated financial statements.

*(b) New Standards and interpretations not yet adopted*

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

| | |
|---|---|
| HKFRS 9 | Financial instruments[2] |
| HKFRS 15 | Revenue from contracts with customers[2] |
| Amendments to HKFRS 11 | Accounting for acquisitions of interests in joint operations[1] |
| Amendments to HKAS 1 | Disclosure initiative[1] |
| Amendments to HKAS 16 and HKAS 38 | Clarification of acceptable methods of depreciation and amortisation[1] |
| Amendments to HKAS 16 and HKAS 41 | Agriculture: Bearer plants[1] |
| HKFRS 14 | Regulatory Deferral Accounts[1] |
| Amendments to HKAS 27 (2011) | Equity method in Separate Financial Statements[1] |
| Amendments to HKFRS 10 and HKAS 28 | Sale or contribution of assets between an investor and its associate or joint venture[3] |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | Investment entities: Applying the consolidation exception[1] |
| Amendments to HKFRSs | Annual improvements to HKFRSs 2012-2014 cycle[1] |

[1] *Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.*

[2] *Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted*

[3] *Effective for annual periods beginning on or after a date to be determined.*

HKFRS 9 Financial Instruments

Key requirements of HKFRS are described as follows:

- HKFRS 9, “Financial Instruments” addresses the classification, measurement and recognition of financial assets and liabilities. The complete version of HKFRS 9 replaces most of the guidance in HKAS 39. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities, there were no changes to classification and measurement, except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the “hedged ratio” to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

The directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue based method for the calculation of depreciation of its non-current assets.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customers obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 Revenue and HKAS 11 Construction contracts and the related interpretations on revenue recognition for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of HKAS 15.

There are no other new and revised HKFRSs that are not effective that would be expected to have a material impact on the Group.

*(c) Impairment of goodwill*

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of CGU have been determined based on value-in-use calculations. These calculations require the use of estimates.

*(d) Estimated useful lives of intangible assets other than goodwill*

The Group has significant intangible assets. The Group is required to estimate the useful lives of intangible assets, in order to ascertain the amount of amortization charges for each reporting period.

(e) *Impairment of intangible assets other than goodwill*

The Group periodically reviews internal or external resources to identify indications that the intangible assets other than goodwill have suffered any impairment in accordance with accounting policy. If the recoverable amount of an intangible asset is estimated to be less than its carrying amount, the carrying amount of the intangible asset is reduced to its recoverable amount. The assessment of the recoverable amount requires the use of estimates and assumptions.

(f) *Impairment of trade and other receivables*

The Group's management determines the impairment of trade and other receivables on a regular basis. This estimate is based on the credit history of its customers and current market conditions. Management reassesses the impairment of trade and other receivables at the end of the reporting period.

(g) *Impairment of interests in associates*

Determining whether interests in associates are impaired requires an estimation of the recoverable amounts of the interests in associates, which represent the present values of estimated future cash flows from those investments, discounted at the original effective interest rates. The carrying amount of interests in associates as at 31 December 2015 is HK$47,942,898.

(h) *Estimated useful lives and impairment of property, plant and equipment*

The Group has significant property, plant and equipment. The Group is required to estimate the useful lives of property, plant and equipment in order to ascertain the amount of depreciation charges for each reporting period.

The useful lives are estimated at the time of purchase of these assets after considering business developments and the Group's strategies. The Group performs annual reviews to assess the appropriateness of the estimated useful lives. Such review takes into account any unexpected adverse changes in circumstances or events, including declines in projected operating results, negative industry and economic trends. The Group extends or shortens the useful lives and/or makes impairment provisions according to the results of the review.

(i) *Income taxes*

The Group is subject to income taxes in certain jurisdictions other than Hong Kong. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination are made.

*(j)* *Business combination*

The Group acquired a subsidiary which engaged in trading of electronic student cards in the PRC.

The Group assessed the business combination in accordance with HKFRS and concluded that the acquisition constitutes a business combination. To account for the assets and liabilities acquired, significant judgment was required in determining the fair value of the assets acquired and liabilities assumed.

*(k)* *Fair value of contingent consideration receivable*

The Directors of the Group use their judgment in selecting appropriate valuation techniques for contingent consideration receivable. A probability model was used by market practitioners, has been applied for estimating the fair value of contingent consideration receivable. The estimation of fair values of the contingent consideration receivables are derived after taking into account the input and parameters, such as the discount rate, range of profits shortfall and its probabilities and the Company's shares at the end of reporting period.

*(l)* *Share-based payments*

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Group uses a binomial model for new share options scheme to measure the fair value of equity-settled transactions with employees at the grant date.

*(m)* *Determining whether the interests in 首華（遼寧）農產品交易中心有限公司 (transliterated as First China (Liaoning) Agricultural Products Trading Centre Company Limited) is an associate or a joint arrangement*

The Group holds 45% of the voting rights of the interests in 首華（遼寧）農產品交易中心有限公司 (transliterated as First China (Liaoning) Agricultural Products Trading Centre Company Limited) which is structured as a limited company. The management has assessed the level of the influence that the Group has on it and determined that the Group has significant influence, not the joint control because of the board representation and contractual terms. Consequently, the interests in 首華（遼寧）農產品交易中心有限公司 (transliterated as First China (Liaoning) Agricultural Products Trading Centre Company Limited) is classified as an associate.

*(n)* *Determining the basis on impairment made on the interests in associates*

Due to the commodities trading policies review conducted by the government of Qianhai, there was a temporary suspension on the business operation of the associated company. Although the management of the Group considers the associate will continue its business after the new industry policies introduced, the impairment has been made on the interests in associates based on the present value of the of the associate's assets and liabilities realized in case such policies has not announced in forthcoming one year.

## 3. REVENUE

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

| | **2015** | 2014 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Commission income from securities and futures brokerage | **2,287,814** | 1,621,449 |
| Commission income from precious metals brokerage | **8,315,753** | 13,464,606 |
| Spot trading profits on precious metals contracts, net | **11,249,982** | 22,792,383 |
| Trading of electronic student cards and school safety products | **2,102,875** | 2,603,689 |
| Interest income from clients | **971,533** | 381,593 |
| Net gains/(loss) on trading of securities | **4,293,289** | (803,239) |
| Income from provision of wealth management services | **–** | 8,749 |
| Consultancy fee income | **20,786,046** | 547,362 |
| | **50,007,292** | 40,616,592 |

## 4. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors (the "Executive Directors") of the Company. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Operating segments were determined based on these reports.

In prior financial years, the Group was organized into seven operating divisions and each of the operating divisions represented an operating and reportable segment: (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. During the year ended 31 December 2015, the chief operation decision maker no longer considered the provision of a trading platform as an operating and reportable segment. As a result, six operating and reportable segments were identified by the Executive Directors.

The segment information of the reportable segments for the year ended 31 December 2015 is as follows:

| | **Brokerage and securities margin financing services** | **Precious metals spot trading and brokerage** | **Trading of electronic student cards and school safety products** | **Trading and principal investments** | **Provision of wealth management services** | **Provision of stock information and research services** | **Total** |
|---|---|---|---|---|---|---|---|
| | ***HK$*** | ***HK$*** | ***HK$*** | ***HK$*** | ***HK$*** | ***HK$*** | ***HK$*** |
| Segment revenue from external customers | **3,259,347** | **19,565,735** | **2,102,875** | **4,293,289** | **–** | **20,786,046** | **50,007,292** |
| Segment results | **(1,529,070)** | **4,525,441** | **(57,921,198)** | **(29,409,044)** | **–** | **12,976,407** | **(71,357,464)** |
| Net unallocated expenses | | | | | | | **(27,313,584)** |
| Sundry income | | | | | | | **1,701,082** |
| Finance costs | | | | | | | **(344,576)** |
| Interest income | | | | | | | **4,187,342** |
| Share of profit of associate | | | | | | | **36,748,757** |
| Loss before income tax | | | | | | | **(56,378,443)** |
| Income tax expense | | | | | | | **(4,669,317)** |
| Loss for the year | | | | | | | **(61,047,760)** |

The segment information of the reportable segments for the year ended 31 December 2014 is as follows:

| | Brokerage and securities margin financing services | Precious metals spot trading and brokerage | Trading of electronic student cards and school safety products | Trading and principal investments | Provision of wealth management services | Provision of stock information and research services | Total |
|---|---|---|---|---|---|---|---|
| | *HK$* | *HK$* | *HK$* | *HK$* | *HK$* | *HK$* | *HK$* |
| Segment revenue from external customers | 2,003,042 | 36,256,989 | 2,603,689 | (803,239) | 8,749 | 547,362 | 40,616,592 |
| Segment results | (2,442,414) | 9,290,299 | (7,400,430) | 46,133,146 | 7,934 | (7,560,168) | 38,028,367 |
| Net unallocated expenses | | | | | | | (29,156,918) |
| Sundry income | | | | | | | 27,199,043 |
| Gain on bargaining purchase | | | | | | | 74,145,459 |
| Finance costs | | | | | | | (399,844) |
| Interest income | | | | | | | 8,955,325 |
| Share of profit of associate | | | | | | | 1,594,693 |
| Profit before income tax | | | | | | | 120,366,125 |
| Income tax expense | | | | | | | (3,147,706) |
| Profit for the year | | | | | | | 117,218,419 |

Other segment information for the year ended 31 December 2015 is as follows:

| | Brokerage and securities margin financing services HK$ | Precious metals spot trading and brokerage HK$ | Trading of electronic student cards and school safety products HK$ | Trading and principal investments HK$ | Provision of wealth managements services HK$ | Provision of stock information and research services HK$ | Unallocated HK$ | Total HK$ |
|---|---|---|---|---|---|---|---|---|
| Addition to property, plant and equipment | – | – | 3,775,072 | 150,000 | – | 3,371 | 28,089 | 3,956,532 |
| Depreciation and amortization | 20,971 | 853,381 | 4,324,117 | 313,860 | – | 358,968 | 1,664,373 | 7,535,670 |
| Impairment of intangible assets | – | – | 93,191,960 | – | – | – | – | 93,191,960 |
| Change in fair value of contingent consideration receivable | – | – | 27,278,678 | – | – | – | – | 27,278,678 |

Other segment information for the year ended 31 December 2014 is as follows:

| | Brokerage and securities margin financing services HK$ | Precious metals spot trading and brokerage HK$ | Trading of electronic student cards and school safety products HK$ | Trading and principal investments HK$ | Provision of wealth managements services HK$ | Provision of stock information and research services HK$ | Provision of a trading platform HK$ | Unallocated HK$ | Total HK$ |
|---|---|---|---|---|---|---|---|---|---|
| Addition to property, plant and equipment | – | 370,022 | 4,384,239 | – | – | 7,267 | – | 46,015 | 4,807,543 |
| Addition to intangible assets | – | – | 244,471,500 | – | – | – | – | – | 244,471,500 |
| Depreciation and amortization | 32,420 | 1,302,294 | 1,149,487 | 16,980 | – | 1,799,206 | – | 2,200,933 | 6,501,320 |
| Change in fair value of contingent consideration receivable | – | – | (8,018,240) | – | – | – | – | – | (8,018,240) |

The segment assets and liabilities as at 31 December 2015 and 2014 are as follows:

| **Segment assets** | **2015** *HK$* | 2014 *HK$* |
|---|---|---|
| Brokerage and securities margin financing services | **56,152,709** | 44,268,840 |
| Precious metals spot trading and brokerage | **22,830,383** | 23,365,846 |
| Trading of electronic student cards and school safety products | **188,573,243** | 299,061,284 |
| Trading and principal investments | **216,716,425** | 221,961,043 |
| Provision of stock information and research services | **85,343,014** | 38,149,439 |
| Provision of a trading platform | **–** | 25,236,261 |
| | **569,615,774** | 652,042,713 |
| Unallocated | **232,650,929** | 248,006,720 |
| Consolidated assets | **802,266,703** | 900,049,433 |

| **Segment liabilities** | **2015** | 2014 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Brokerage and securities margin financing services | **27,966,176** | 16,691,352 |
| Precious metals spot trading and brokerage | **1,403,274** | 4,883,404 |
| Trading of electronic student cards and school safety products | **33,137,316** | 58,967,296 |
| Trading and principal investments | **194,075** | 43,834 |
| Provision of wealth management services | **25,579** | 25,579 |
| Provision of stock information and research services | **337,867** | 645,182 |
| | **63,064,287** | 81,256,647 |
| Unallocated | **8,486,052** | 17,533,136 |
| Consolidated liabilities | **71,550,339** | 98,789,783 |

Segment assets consist primarily of property, plant and equipment, intangible assets, statutory deposits and other assets, contingent consideration receivable, inventories, trade and other receivables, loan receivables, financial assets at fair value through profit or loss and bank balances and cash.

Segment liabilities consists primarily of trade payables, other payables and accruals, current income tax payables and deferred income tax liabilities.

The Group mainly operates in Hong Kong and the PRC.

| | **2015** | 2014 |
|---|---|---|
| | ***HK$*** | *HK$* |
| **Revenue** | | |
| Hong Kong | **7,552,636** | 849,749 |
| The PRC | **42,454,656** | 39,766,843 |
| | **50,007,292** | 40,616,592 |

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

| | **2015** | 2014 |
|---|---|---|
| | ***HK$*** | *HK$* |
| **Total assets** | | |
| Hong Kong | **450,189,223** | 490,728,721 |
| The PRC | **352,077,480** | 409,320,712 |
| | **802,266,703** | 900,049,433 |

Interest in associates are allocated based on the location of operations, other assets are allocated based on where the assets are located.

| | **2015** | 2014 |
|---|---|---|
| | ***HK$*** | *HK$* |
| **Capital expenditure** | | |
| Hong Kong | **345,223** | 42,440 |
| The PRC | **3,611,309** | 249,236,603 |
| | **3,956,532** | 249,279,043 |

Capital expenditure is allocated on where the fixed assets are located and intangible assets are in use.

**Information about major customers**

As at 31 December 2015, one of the customers located from the PRC accounted for 10% or more of total revenue in the amount of HK$19,905,079 (2014: none).

## 5. OTHER INCOME AND NET (LOSS)/GAINS

| | 2015 | 2014 |
|---|---|---|
| | *HK$* | *HK$* |
| **Other income** | | |
| CCASS fee income | **42,160** | 30,829 |
| Handling fee income | **66,152** | 199,404 |
| Interest income on bank deposits | **323,632** | 84,685 |
| Other interest income[1] | **3,863,710** | 8,870,640 |
| Gain on disposal of fixed assets | **135,000** | – |
| Dividend income | **3,252,448** | – |
| Sundry income[2] | **1,701,082** | 27,199,043 |
| | **9,384,184** | 36,384,601 |
| **Other (loss)/gains** | | |
| Financial assets at fair value through profit or loss | | |
| – Fair value (losses)/gains on securities trading | **(32,641,510)** | 49,886,317 |
| – Exchange gain | **559,689** | 94,968 |
| | **(32,081,821)** | 49,981,285 |
| | **(22,697,637)** | 86,365,886 |

1 Included in the other interest income of the Group for the year ended 31 December 2015 was the HK$496,120 (2014: HK$8,441,634) results from the court judgments on interest compensations from the Company's former Directors.

2 Included in the sundry income of the Group for the year ended 31 December 2014 were the HK$26,924,441 results from the court judgments on the dividend compensations from the Company's former Directors and the reimbursement of the legal fee incurred by the Company for the two former Directors in previous years.

## 6. FINANCE COSTS

| | **2015** | 2014 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Interest expenses on bank borrowings not wholly repayable within one year from the end of the reporting period but contain a repayment on demand clause: | **344,576** | 399,844 |

## 7. (LOSS)/PROFIT BEFORE INCOME TAX

| | **2015** | 2014 |
|---|---|---|
| | ***HK$*** | *HK$* |
| (Loss)/profit before income tax has been arrived at after charging: | | |
| Auditors' remuneration | | |
| – audit services | **450,000** | 400,000 |
| – other services | **190,000** | 20,000 |
| Foreign exchange difference, net | **331,121** | 2,650 |
| Operating lease rentals in respect of rented premises | **8,121,733** | 5,526,352 |

## 8. INCOME TAX INCOME/(EXPENSE)

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 year. No provision for Hong Kong Profits Tax has been made in the financial statements as the Group incurred a tax loss for the year (2014: Nil). Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

| | **2015** | 2014 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Current income tax: | | |
| Current tax on profits for the year | | |
| – PRC Enterprise Income Tax | **563,302** | 3,343,438 |
| Deferred income tax: | | |
| Current year | **(19,191,975)** | (195,732) |
| Income tax (income)/expense | **(18,628,673)** | 3,147,706 |

Under the current general provision of the PRC enterprise income tax law and published tax circulars, deferred taxation has been provided for in the consolidated financial statements in respect of the withholding tax that would be payable on unremitted earnings of a PRC associate of the Group at the rate of 10%.

As at 31 December 2015 and 2014, deferred taxation has not been provided for in the consolidated financial statements in respect of the withholding tax that would be payable on unremitted earnings of certain PRC subsidiaries of the Group amounting to approximately HK$7,213,874 (2014: HK$6,661,661). No deferred tax liabilities have been recognised in respect of these temporary differences because the Group is in a position to control the dividend policies of these subsidiaries and it is probable that such differences will not be reversed in the foreseeable future.

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the Hong Kong Profits Tax rate of 16.5% (2014: 16.5%) as follows:

| | **2015** | 2014 |
|---|---|---|
| | ***HK$*** | *HK$* |
| (Loss)/profit before income tax | **(79,676,433)** | 120,366,125 |
| Tax calculated at Hong Kong Profits Tax rate of 16.5% (2014: 16.5%) | **(13,146,611)** | 19,860,410 |
| Tax effects of: | | |
| – Different tax rates of subsidiaries operating in other jurisdictions | **(7,486,848)** | 5,232,842 |
| – Income not subject to tax | **(6,573,513)** | (47,483,244) |
| – Expenses not deductible for tax purposes | **1,120,476** | 16,847,405 |
| – Others | **807,994** | 8,448,403 |
| – Unused tax losses not recognized | **4,075,673** | – |
| – Tax loss not allowable | **2,342,726** | – |
| – Prior year's tax losses utilized in this year | **(4,089,450)** | – |
| – Utilization of deductible temporary differences previously not recognized | **–** | 241,890 |
| – Withholding taxes | **4,320,880** | – |
| Income tax (income)/expense | **(18,628,673)** | 3,147,706 |

## 9. (LOSS)/EARNINGS PER SHARE

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

| | **2015** | 2014 |
|---|---|---|
| | ***HK$*** | *HK$* |
| **(Loss)/profit** | | |
| (Loss)/profit for the purpose of basic and diluted (loss)/earnings per share | **(62,850,046)** | 114,540,442 |

| | **2015** | 2014 |
|---|---|---|
| | ***HK$*** | *HK$* |
| **Number of shares** | | |
| Issued ordinary shares at 1 January | **6,498,958,120** | 4,458,960,120 |
| Effect of warrant exercised | **–** | 170,684,932 |
| Effect of new issues of share | **–** | 336,136,597 |
| Weighted average number of ordinary shares in issue for calculating basic (loss)/earnings per share | **6,498,958,120** | 4,965,781,649 |
| Effect of deemed issue of shares under the Company's share option scheme for nil consideration: | **1,975,987** | 2,089,837 |
| Effect of deemed issue of warrant | **–** | 391,790,387 |
| Weighted average number of ordinary shares in issue for calculating diluted earnings per share *(Note)* | **6,500,934,107** | 5,359,661,873 |

| | **2015** | 2014 |
|---|---|---|
| | ***HK$*** | *HK$* |
| **(Loss)/earnings per share** | **(0.0097)** | 0.0231 |
| **Diluted (loss)/earnings per share** | **(0.0097)** | 0.0214 |

*Note:*

The computation of diluted loss per share for the years ended 31 December 2015 did not assume the exercise of the Company's share options and warrants outstanding during the year ended 31 December 2015 since their exercise would result in a decrease in loss per share.

## 10. INTANGIBLE ASSETS

| | Software | Trading rights | Contractual customer relationship | Total |
|---|---|---|---|---|
| | *HK$* | *HK$* | *HK$* | *HK$* |
| **As at 1 January 2014** | | | | |
| Cost | 8,586,847 | 3,224,000 | – | 11,810,847 |
| Accumulated amortization and impairment | (8,586,847) | (3,223,998) | – | (11,810,845) |
| Net book amount | – | 2 | – | 2 |
| **Year ended 31 December 2014** | | | | |
| Opening net book amount | – | 2 | – | 2 |
| Additions from acquisition of subsidiary *(Notes (i), (ii))* | 20,884,500 | – | 223,587,000 | 244,471,500 |
| Currency translation difference | 283,290 | – | 2,972,060 | 3,255,350 |
| Amortization charge | (887,435) | – | – | (887,435) |
| Closing net book amount | 20,280,355 | 2 | 226,559,060 | 246,839,417 |
| **As at 31 December 2014** | | | | |
| Cost | 29,754,637 | 3,224,000 | 226,559,060 | 259,537,697 |
| Accumulated amortization and impairment | (9,474,282) | (3,223,998) | – | (12,698,280) |
| Net book amount | 20,280,355 | 2 | 226,559,060 | 246,839,417 |
| **Year ended 31 December 2015** | | | | |
| Opening net book amount | **20,280,355** | **2** | **226,559,060** | **246,839,417** |
| Currency translation difference | **(934,878)** | **–** | **(7,976,520)** | **(8,911,398)** |
| Amortization charge | **(2,084,557)** | **–** | **–** | **(2,084,557)** |
| Impairment *(Notes (iii))* | **–** | **–** | **(93,191,960)** | **(93,191,960)** |
| Closing net book amount | **17,260,920** | **2** | **125,390,580** | **142,651,502** |
| **As at 31 December 2015** | | | | |
| Cost | **28,819,759** | **3,224,000** | **218,582,540** | **250,626,299** |
| Accumulated amortization and impairment | **(11,558,839)** | **(3,223,998)** | **(93,191,960)** | **(107,974,797)** |
| Net book amount | **17,260,920** | **2** | **125,390,580** | **142,651,502** |

The amortization charge for the year is presented in the consolidated statement of profit or loss and other comprehensive income separately.

*Notes:*

(i) As at 31 December 2015 and 2014, the software represents 天星通定位服務平臺軟件 V2.0 (Registration No.: 2013SR144807), 天星通家校互動服務平臺軟件 V2.0 (Registration No.:2013SR144929), 天星通定位服務網站軟件V2.0 (Registration No:2013SR145090) and 2.4G 有源RFID激勵標簽嵌入式軟件 (Registration No:2014SR037656) with the estimated useful life of 10 years. The valuation of the intangible assets in amount of RMB17,000,000 (2014: RMB17,000,000), which is equivalent to HK$20,109,810 (2014: HK$20,884,500).

(ii) The contractual relationships with customers are acquired through the previous acquisition of 深圳市天星通科技有限公司 (transliterated as Shenzhen Star Technology Co., Ltd) are assessed to be indefinite useful lives because of the unspecified contractual period and the final school safety products are expected to be used continuously. There is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. The recoverable amount of the contractual relationships with customers that has indefinite useful life is estimated annually whether or not there is any indication of impairment.

(iii) For the purpose of impairment testing at 31 December 2015 and 2014, the contractual customer relationship has been allocated to a CGU representing the operating activities of 深圳市天星通科技有限公司 (transliterated as Shenzhen Star Technology Co., Ltd). An impairment test of this intangible asset was carried out by management based on value-in-use calculation and with reference to business valuation conducted by an independent professional valuer.

Based on the impairment test performed, an impairment of RMB76,000,000, which is equivalent to HK$93,191,960 was made. In year 2015, orders for electronic student cards have been holding up because the navigating chips of electronic cards and devices has been started to change to coordinate with the BeiDou Navigation Satellite System（北斗衛星導航系統）. 深圳市天星通科技有限公司 (transliterated as Shenzhen Star Technology Co., Ltd.) started in second half of year 2015 to solicit domestic made chipset manufacturers and is now performing testing on the samples provided. Testing is expected to be finished in the first half of year 2016. Profit guarantee from vendor of 深圳市天星通科技有限公司 (transliterated as Shenzhen Star Technology Co., Ltd.) is not expected to be achieved as the technology may not be advanced and the future competition in the industry is expected to be increased. In this connection, impairment to the value of contractual relationship with customers has to be made accordingly.

The recoverable amount of the contractual relationships with customers with indefinite useful life is determined based on value-in-use calculations by preparing cash flow projections of the relevant CGU derived from the most recent financial forecast approved by the management covering a five year period. The projected cashflows have been updated to reflect the effects of the preparation stage to change the navigating chips used in the products mentioned in above paragraph. The growth rates and discount rate are the key assumptions used by the Group to determine the recoverable amount of the CGU.

The pre-tax discount rate applied to cashflow projections is 29.92% (2014: 28.6%), which is arrived after the adjustment of the Weighted Average Cost of Capital ("WACC") to pre-tax rate and cashflows beyond five-year period are extrapolated without considering any growth rate. (2014: 3%). The discount rate used is based on market risk free interest rates adjusted for inflation differentials and also include the debt premium, market risk premium, specific risk on intangible assets, gearing corporate tax rate and asset beta.

Based on the valuation report issued by an independent professional valuer, the Group has recognised an impairment loss of approximately RMB76,000,000 (equivalent to HK$93,191,960) on the contractual relationship with customers arose on the acquisition of 深圳市天星通科技有限公司 (transliterated as Shenzhen Star Technology Co., Ltd.) for the year ended 31 December 2015. No impairment loss was recognized during the year ended 31 December 2014.

As the cash generating unit has been reduced to its recoverable amount of approximately RMB106,000,000, any adverse change in the assumption used in the calculation of recoverable amount would result in further impairment.

(iv) The Group has reviewed whether the contractual relationship with customers continues to support its category of indefinite useful life intangible asset at 31 December 2015. The management of CGU considers that the useful life of the contractual relationship with customers should be changed to finite because the domestic-made chipset was in preparation stage to be changed. As the technologies may not be advanced and the future competition in the industry is expected to be increased, there may be foreseeable limit to the period over which the asset is expected to generate net cash inflows.

From the date of change of the useful life of the contractual relationship with customers, they will be amortised on the straight-line basis over their estimated useful lives of 8 years started from forthcoming year.

(v) The trading rights as at 31 December 2015 represent two (2014: two) trading rights on the Stock Exchange and one (2014: one) trading right on the Hong Kong Futures Exchange Limited ("HKFE").

## 11. INVESTMENTS IN ASSOCIATES

| | **2015** | 2014 |
|---|---|---|
| | ***HK$*** | *HK$* |
| At 1 January | **25,251,797** | 15,920 |
| Additions | **2,365,860** | 24,175,538 |
| Share of profit and other comprehensive income | **36,748,757** | 1,594,693 |
| Currency translation differences | **(2,075,721)** | (534,354) |
| Dividend received | **(9,288,720)** | – |
| Impairment loss recognized | **(5,059,075)** | – |
| At 31 December | **47,942,898** | 25,251,797 |

The impairment of Interests in associates represents the impairment on the investments in respect of 深圳前海首華國際商交易中心有限公司 (transliterated as Shenzhen Qianhai First China International Commodities Exchange Centre Limited). In November 2015, there was a temporary suspension on the business operation of the associated company due to the commodities trading policies review conducted by the government of Qianhai. The management of the Group considers this business suspension is temporarily and the associate has to continue its business operation after any new industry policies has been introduced.

However, due to the uncertainty in the timing of the new industry policies introduced, the management considers it is appropriate to make the impairment on the interests in associates, which should reflect the present value of the associate's assets and liabilities realized in case the new industry policies have not yet been announced by the government of Qianhai after forthcoming one year.

The impairment charge was made with reference to the estimation of the recoverable amounts which represents the present value of estimated future cash flows for the forthcoming one-year from the investment discounted at pre-tax rate of 26.92%. The discount rate used is based on market risk free interest rates adjusted for inflation differentials and also include the debt premium, market risk premium, gearing corporate tax rate and asset beta.

Details of the Group's associates as at 31 December 2015 are as follows:

| Name | Place of incorporation | Principal activities | Particulars of issued shares held | Interest held |
|---|---|---|---|---|
| 深圳中財贏通信息技術有限公司 (transliterated as Shenzhen Zhongcai Yingtong Information Technology Company Limited) | PRC, Limited liability company | Development and sales of software for information network equipment, terminal products and calculators in the PRC | Registered capital of RMB1,000,000 | 40% |
| 深圳前海首華國際商品交易中心有限公司 (transliterated as Shenzhen Qianhai First China International Commodities Exchange Centre Limited) | PRC, Limited liability company | Provision of trading platform for precious metal and provision of related consultancy services | Registered capital of RMB38,000,000 (of which RMB19,000,013 has been paid up as at 31 December 2015) | 38% |
| 首華（遼寧）農產品交易中心有限公司 (transliterated as First China (Liaoning) Agricultural Products Trading Centre Company Limited) | PRC, Limited liability company | Sale of agricultural products, provision of transportation services and e-commerce services | Registered capital of RMB225,000,000 (of which RMB2,000,000 has been paid up as at 31 December 2015) | 45% |

All of the above associates are accounted for using the equity method in the consolidated financial statements.

The above associates are private companies and there is no quoted market value available.

**Commitments and contingent liabilities in respect of associates**

The Group has the following commitments relating to its associates

| | **2015** | 2014 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Commitment to provide funding if called | **286,269,045** | 23,651,754 |

As at 31 December 2015 and 2014, there are no contingent liabilities relating to the associates.

## 12. TRADE RECEIVABLES

| | **2015** | 2014 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Amounts receivable arising from securities broking: | | |
| Margin clients | **1,972,037** | 3,527,388 |
| Cash clients | **4,231,651** | 700,445 |
| Brokers and dealers | **7** | 6 |
| Amounts receivable arising from precious metals spot trading and brokerage: | | |
| PMEC (net) | **–** | 32,600 |
| Shenzhen Qianhai First China International Commodities Exchange Centre Limited (net) | **–** | 1,304,360 |
| Hong Kong Securities Clearing Company Limited (net) | **3,061,540** | – |
| Other trade receivables | **571,608** | 1,978,971 |
| | **9,836,843** | 7,543,770 |
| Less: Provision for impairment loss | **(36,000)** | (36,000) |
| Trade receivables, net | **9,800,843** | 7,507,770 |

Amounts receivable from margin clients are repayable on demand, bearing 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$21,874,000 as at 31 December 2015 (2014: 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 card are due immediately from date of billing but the Group will generally grant a credit period of 60 days on average to its customers

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

| | **2015** | 2014 |
|---|---|---|
| | ***HK$*** | *HK$* |
| 0-30 days | **535,608** | 1,942,971 |
| 31-90 days | **–** | – |
| 91-180 days | **–** | – |
| 181-365 days | **–** | – |
| Over 365 days | **–** | – |
| | **535,608** | 1,942,971 |

The maximum exposure to credit risk at the end of the 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 31 December 2015 and 31 December 2014, all other trade receivables, except for the impaired amounts indicated below, were not past due.

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

| | **2015** | 2014 |
|---|---|---|
| | ***HK$*** | *HK$* |
| At 1 January | **36,000** | 120,570 |
| Reversal of impairment of trade receivables | **–** | (84,570) |
| At 31 December | **36,000** | 36,000 |

As at 31 December 2015 and 2014, the Group's trade receivables of HK$36,000 (2014: HK$36,000) were individually determined to be impaired.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

| | **2015** | 2014 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Hong Kong dollars | **9,265,235** | 4,227,839 |
| RMB | **535,608** | 3,279,931 |
| | **9,800,843** | 7,507,770 |

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

| | **2015** | 2014 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Listed equity – held for trading | | |
| Equity securities – Hong Kong | **201,969,810** | 197,682,520 |

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 income and net (loss)/gains" in the 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.

## 14. AMOUNTS DUE FROM FORMER DIRECTORS

| | **2015** | 2014 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Amounts due from former Directors | **831,419** | 32,541,415 |

The SFC has served a petition under the Securities and Futures Ordinance against the Company, three former Directors Mr. Yin Yingneng Richard, Mr. Wang Wenming and Mr. Lee Yiu Sun of the Company in November 2012. SFC was seeking disqualification orders against such Directors and an order that the Company should itself or otherwise procure Aceview International Limited, a wholly owned subsidiary of the Company, to bring court proceedings against Fame Treasure Limited and/or other parties at fault to recover the dividend of RMB18,692,000 (equivalent to HK$23,268,362) to it.

The judgment from the High Court of the Hong Kong Special Administrative Region of First Instance was made on 16 January 2015. The court ordered that the three former Directors should compensate the dividend paid of RMB18,692,000 with the interest accruing at 1% above the prime rate published by the HSBC from 31 December 2008 to the date hereof and thereafter at the judgment rate (the " Judgment interest") until the date of payment to the Company. Such interest accrued is HK$8,441,634.

Half of the Company's professional and legal fees in the amounts of HK$831,419 incurred in relation to this litigation amounted to should also be paid by Mr. Yin Yingneng Richard, Mr. Wang Wenming and Mr. Lee Yiu Sun jointly and severally. The above amounts due from the former Directors represent the dividend compensations, the Judgment interest and the reimbursements of Company's professional and legal costs in relation to this litigation to the Group by the former Directors.

The amounts due from former Directors were unsecured. According to the court order, the dividend of RMB18,692,000 and its interest accruing at 1% above the prime rate published by HSBC has been repaid to the Company in April 2015. The court order did not specify the repayable period for the half of the Company's professional and legal fees.

## 15. TRADE PAYABLES

| | **2015** | 2014 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Amounts payable arising from securities broking: | | |
| Margin clients | **2,352,874** | 103,593 |
| Cash clients | **14,322,759** | 15,383,934 |
| HKSCC (net) | **–** | 63,368 |
| Other trade payables | **5,897** | 5,897 |
| | **16,681,530** | 15,556,792 |

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 each reporting period:

| | **2015** | 2014 |
|---|---|---|
| | ***HK$*** | *HK$* |
| 0-30 days | **–** | – |
| 31-90 days | **–** | – |
| 91-180 days | **–** | – |
| 181-365 days | **–** | – |
| Over 365 days | **5,897** | 5,897 |
| | **5,897** | 5,897 |

## 16. BORROWINGS

| | **2015** | 2014 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Borrowing included in current liabilities | | |
| – Secured bank borrowings | **10,494,013** | 12,377,681 |

*Notes:*

(a) The maturity of borrowings is as follows *(Note (c))*:

| | **2015** | 2014 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Within one year | **1,939,954** | 1,882,660 |
| In the second year | **1,998,958** | 1,939,923 |
| In the third to fifth year | **6,369,133** | 6,181,030 |
| Over five years | **185,968** | 2,374,068 |
| | **10,494,013** | 12,377,681 |

(b) At 31 December 2015 and 2014, the bank borrowings of the Group were secured by the charges over the Group's land and buildings and corporate guarantees executed by the Company. At 31 December 2015 and 2014, the Group's bank borrowings are denominated in HK$, bearing floating interest rate of 3.00% (2014: 3.00%) per annum.

(c) The amounts due are based on the scheduled repayment dates set out in the loan agreement.

(d) The banks borrowings are shown under current liabilities as the loan agreements contain a repayment on demand clause.

## 17. DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31 December 2015 (2014: Nil).

## BUSINESS REVIEW

The Group in the year ended 31 December 2015 recorded total revenue of approximately HK$50.0 million, which was an increase of approximately HK$9.4 million compared with the last corresponding year. In the business of provision of brokerage and securities margin financing services, the Group recorded revenue of approximately HK$3.3 million which representing an increase of approximately HK$1.3 million or 65% compared with the year ended 31 December 2014.

As encouraged by PRC government, the PRC market tends to use BeiDou Navigation Satellite System (北斗衛星導航系統), we are starting preparation to change the navigating chips of electronic cards and devices of the school safety network to coordinate the BeiDou Navigation Satellite System (北斗衛星導航系統) to meet the market needs. Such market changes resulting in delay orders by the customers, decreased of sales of electronic student cards and affect the segment of trading of electronic student cards and school safety products. The segment recorded the revenue of approximately HK$2.1 million and incurred an operating loss of approximately HK$57.9 million for the year ended 31 December 2015. It recorded the revenue and operating loss approximately HK$2.6 million and approximately HK$7.4 million respectively for the year ended 31 December 2014.

Use of BeiDou Navigation Satellite System (北斗衛星導航系統) will not have any negative impact on the Group regarding the sales contracts signed by the customers earlier. Since those sales contracts were ordering terminal device and the Location Based Services (基於位置定位) platform used by the terminal device can support BeiDou Navigation Satellite System (北斗衛星導航系統) to get the position information of the mobile end users.

For proprietary trading of stock, the Group recorded an unrealized gain in the first quarterly results and interim results. However, an unrealized loss of approximately HK$23.9 million was recorded for the nine months ended 30 September 2015 due to Hong Kong stock market crash in July 2015. Since Hong Kong stock market was fluctuated in the second half year of 2015, the Group recorded an unrealized loss of approximately HK$32.6 million and realized gain of approximately HK$4.3 million for the year ended 31 December 2015.

In January 2015, the Group has entered into a strategic cooperation agreement in PRC with the People's Government of Fushun County, Fushun City, Liaoning Province, PRC concerning the development of bonded area for warehousing and logistics in Jiu Bing Town, Fushun County, Fushun City, Liaoning Province, PRC. The establishment of warehouse and logistic facilities, as for, including but not limited to, the settlement and delivery purposes of the relevant business of wholesale spot trading of various commodities from time to time of an associated company of the Group, Shenzhen Qianhai First China International Commodities Exchange Centre Limited.

In April 2015, the Group has entered into a framework investment agreement with the People's Government of Fushun City, Liaoning Province, PRC 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 RMB2.3 billion in Fushun City, Liaoning Province, PRC.

In August 2015, the Group has entered into the framework investment agreement with the People's Government of Fushun City, Liaoning Province, PRC concerning the proposed investment in a bulk commodity trading centre pursuant to the terms and conditions of the framework investment agreement as stated in the announcement of the Company dated 14 August 2015.

In January 2015, a subsidiary of the Group, 首華證券諮詢(深圳)有限公司 (transliterated as First China Securities Consultancy (Shenzhen) Co., Ltd.) ("Shenzhen First China"), entered into an agreement of intent in relation to 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 Group, the parties thereunder mutually agreed to terminate the agreement for intent and entered into the termination agreement in May 2015.

According to the termination agreement, refundable earnest money of RMB20.0 million should be repaid by Yang Shunhong, one of the vendors, to Shenzhen First China on 28 August 2015. At the requested of Yang Shunhong to extend the repayment of refundable earnest money, Shenzhen First China entered into a supplemental agreement with three of the vendors on 17 September 2015 to extend the repayment date of the refundable earnest money to 30 November 2015.

On 30 November 2015, Yang Shunhong has still not repaid the refundable earnest money to Shenzhen First China. Therefore, Shenzhen First China filed an arbitration application to South China International Economic and Trade Arbitration Commission (Shenzhen Court of International Arbitration) against Yang Shunhong concerning the repayment of the refundable earnest money on 1 December 2015. The details of the request under the arbitration application were stated in the announcement of the Company dated 1 December 2015. Although the Group has filed an arbitration application for the repayment of the refundable earnest money, after taking consideration of the legal opinion, the management believes that the amounts can be recovered by selling the pledged shares since the vendors transferred entire registered capital of 民勤量子新能源有限公司 (transliterated as Minqin Quantum New Energy Co., Limited) to Shenzhen First China as securities in January 2015.

## FINANCIAL REVIEW

### Results of the Group

The Group recorded total revenue of approximately HK$50.0 million for the year ended 31 December 2015 as compared to approximately HK$40.6 million for the previous year, there was an increase of approximately HK$9.4 million or of approximately 23.2%. The sharply increase of revenue was primarily came from the provision of consultancy services to an associate which operated in the PRC.

The Group recorded a loss for the year amounted to approximately HK$61.0 million, compared with profit of approximately HK$117.2 million for the corresponding year. The loss of the year encompassed the losses of fair value on securities trading for approximately HK$32.6 million, compared with gains of fair value for approximately HK$49.9 million for the previous year due to the equity market of Hong Kong tumbled to its lowest level which struggling in the midst of a volatile financial market stirred by China's economic woes.

The loss also took in the impairment of intangible assets, as part of acquisition of a subsidiary in 2014, for approximately HK$93.2 million, no intangible assets needed to impair for the previous year. The impact of impairment led to incurred an operating loss for approximately HK$57.9 million which included the impairment of intangible assets, increase of contingent consideration receivable and reversal of deferred tax liabilities. There was approximately HK$74.1 million recorded in the year ended 31 December 2014 for gain on bargain purchase.

Its effect is reduced by the strong performance of an associate which engaged in provision of trading platform for precious metals and commodities in the PRC, the Group recorded approximately HK$36.7 million (2014: approximately HK$1.6 million) from share of profit for the year under review.

### Liquidity and financial resources

The Group's current assets as at 31 December 2015 amounted to approximately HK$537.1 million compared with approximately HK$575.1 million as at 31 December 2014. Among them, the financial assets at fair value through profit or loss were approximately HK$202.0 million (2014: approximately HK$197.7 million). All the financial assets were invested in the equity securities listed in Hong Kong. As at 31 December 2015, the Group's cash and bank balances were approximately HK$267.7 million (2014: approximately HK$308.2 million) of which approximately HK$24.4 million (2014: approximately HK$14.2 million) were held on behalf of clients in trust and segregated accounts.

As at 31 December 2015, the Group's total borrowings amounted to approximately HK$10.5 million (2014: approximately HK$12.4 million), of this, approximately HK$1.9 million (2014: approximately HK$1.9 million) was repayable within one year. The borrowings were secured by charges over the Group's land and building as well as corporate guarantees issued by the Company. Taking into account of the amount of liquid assets in hand, the Broad is of the view that the Group has sufficient financial resources for future development of the existing business of the Group and other business when investment opportunities arise.

The equity attributable to the owners of the Company amounted to approximately HK$723.70 million as at 31 December 2015, representing a decrease of approximately HK$72.3 million, or 9.1% from that of 31 December 2014. The decrease was mainly due to loss for the year attributable to the owners of the Company.

The Group manages the foreign exchange exposure arising from its normal course of business activities and investments in foreign operations by funding its local operations and investments through cash flow generated from business transaction locally. As at the end of the year, the Group did not have any material un-hedged foreign exchange exposure of interest rate mismatch.

**Capital Structure**

As at 31 December 2015, the Company's issued share capital was HK$64,989,582 divided into 6,498,958,120 shares of HK$0.01 each.

**Precious metals spot trading and brokerage**

The revenue of this segment recorded approximately HK$19.6 million for the year ended 31 December 2015, as compared to approximately HK$36.3 million for the previous year, plunged approximately 46.0% or approximately HK$16.7 million. It was mainly attributable to tightened policy of the PRC Government on regulating the precious metals trading and brokerage business of the PRC in which the Group operated. It reported an operating profit of approximately HK$4.5 million, representing a slump in profit of approximately HK$4.8 million or of approximately 51.6% compared with that of last year.

**Stock information and research services**

The total fee income of this segment rose to approximately HK$20.8 million for the year under review, representing a significant increase compared with approximately HK$0.5 million for the corresponding period. The fee income was mainly came from an associate, 深圳前海首華國際商品交易中心有限公司 (transliterated as Shenzhen Qianhai First China International Commodities Exchange Centre Limited) which the Group held 38% interest. It reported an operating profit of approximately HK$13.0 million for the year, compared with loss of approximately HK$7.6 million of last year.

**Trading of electronic student cards and school safety products**

This segment recorded approximately HK$2.1 million of revenue for the year under review compared with approximately HK$2.6 million for the same period last year. It is principally engaged in development and exploration of various telecommunication technologies in the PRC, in particular, electronic student card for the school safety network. For the year under review, the navigating chips of electronic cards and devices needed to change to operate in coordination with the BeiDou Navigation Satellite System（北斗衛星導航系統）as encouraged by PRC government. It led to slow down the production of electronic cards and devices and incurred an operating loss of approximately HK$57.9 million, included an impairment of intangible assets for approximately HK$93.2 million. The net loss of this segment included increase of contingent consideration receivable and reversal of deferred tax liabilities, for the year ended 31 December 2015 and it recorded a loss of approximately HK$7.4 million for the corresponding period.

**Brokerage and securities margin financing services**

Total revenue of this segment recorded approximately HK$3.3 million for the year ended 31 December 2015, compared with approximately HK$2.0 million for the same period last year. There was an increase of approximately 65.0% of previous year in line with an increase of 52.1% of the average turnover of the Hong Kong equity market. This segment loss reached approximately HK$1.5 million while loss of approximately HK$2.4 million for the corresponding period.

**Trading and principal investments**

The securities trading recorded a gain of approximately HK$4.3 million while it recorded a trading loss of approximately HK$0.8 million of the previous year. But it record a fair value losses of approximately HK$32.6 million for the year under review compared with a fair value gains of approximately HK$49.9 million of the previous year, due to the equity market of Hong Kong tumbled to its lowest level from the third quarter of 2015. The fair value turned from gains of approximately HK$43.6 million from the half year period, to losses of approximately HK$23.9 million for the nine months ended 30 September 2015. There was a further losses of fair value of approximately HK$8.7 million for the 4th quarter of the year under review. It showed an operating loss of approximately HK$29.4 million for the year ended 31 December 2015 versus an operating profit of approximately HK$46.1 million of last year.

**Wealth management services**

This segment did not record any revenue for the corresponding period. It recorded an irrelevant revenue and profit for the year ended 31 December 2014.

## OUTLOOK

Looking forward, the Group will continue to develop our current 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, (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.

Although Hong Kong and China stock markets were turbulence in year 2015, the Group is confident and optimistic about the prospects of the stock markets. We will closely monitor the changes in the stock markets in order to increase profit or prevent the loss for the Group.

As mentioned above, in the school safety network business, the navigating chips of electronic cards and devices of the school safety network has been started to change to coordinate the BeiDou Navigation Satellite System（北斗衛星導航系統）. It is expected that such change can improve and enhance the revenue of the school safety network business.

In year 2015, the Group and the vendors of 民勤量子新能源有限公司 (transliterated as Minqin Quantum New Energy Co., Ltd.) mutually agreed to terminate the agreement for intent and entered into the termination agreement and subsequently the extension agreement concerning the repayment of the refundable earnest money of RMB20.0 million by one of the vendors, Yang Shunhong to Shenzhen First China. Given that Yang Shunhong has not repaid the refundable earnest money of RMB20.0 million to Shenzhen First China before the deadline as indicated in the extension agreement, Shenzhen First China filed an arbitration application to South China International Economic and Trade Arbitration Commission (Shenzhen Court of International Arbitration) ("SCIA") against Yang Shunhong concerning the repayment of the refundable earnest money of RMB20.0 million and the hearing of the captioned arbitration application has been scheduled to commence in the court of SCIA on 4 March 2016, the result of which are expected to be released after one month from the date of the hearing (subject to change) and shall be announced by the Company as soon as available. For more details, please refer to the Company's announcements dated 30 January 2015, 3 February 2015, 29 May 2015, 17 September 2015, 1 December 2015 and 16 February 2016.

The Group will continue to develop the innovative businesses and look for opportunities to expand the income sources in order to enhance the revenue of the Group.

## CHARGES ON ASSETS

Property, plant and equipment of the Group with a carrying amount of approximately HK$32.4 million (2014: approximately HK$34.0 million) were pledged for banking facilities granted to the Group.

## CONTINGENT LIABILITIES

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

## MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES/FUTURE PLAN FOR MATERIAL INVESTMENTS

There was no other material acquisition/disposal which would have been required to be disclosed under the GEM Listing Rules for the year under review. At present, the Group has no concrete plans for any material investments.

## EMPLOYEE INFORMATION

As at 31 December 2015, the Group had a workforce of 173 employees (2014: 234). The total staff costs, including directors' emoluments, amounted to approximately HK$37.2 million for the year ended 31 December 2015 (2014: approximately HK$33.8 million). The Group's remuneration policies are reviewed on an annual basis and commensurate with the industry pay level. The remuneration package includes basic salary, provident fund, medical benefits and discretionary bonus. The Group has also adopted a new share option scheme as an added incentive for its employees. During the year, the Company had granted 20,000,000 new share options to a Director according to the service agreement approved by an extraordinary general meeting of the Company held on 18 September 2014.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

## COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES

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. The Company's Directors have complied with such code of conduct and the required standard of dealings.

## CORPORATE GOVERNANCE PRACTICES

The Board assumes overall responsibility for the leadership and control of the Group, including providing and setting the Group's directions and strategies in the interests of the Group. It believes in good corporate governance and corporate governance practices that promote investor confidence, development of the Group, and transparency while having the long term interest of the Group and enhancement of shareholders' value as the ultimate objectives. It has adopted the code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules (the "Corporate Governance Code"). The Company has complied with the applicable code provisions of the Corporate Governance Code, except for the following deviation:

## CODE PROVISION A.2.1

Code Provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Mr. Wang Jiawei is the chairman and chief executive officer of the Company. In view of Mr. Wang has extensive experience in project management and securities investments and is responsible for the overall corporate strategies, planning and business development of the Company. Under the supervision by the Board which is comprised of three independent non-executive Directors and two non-executive Directors, which represent more than half of the Board, the interests of the shareholders of the Company will be adequately and fairly represented.

## AUDIT COMMITTEE

The Company has established an Audit Committee with specific written terms of reference. As at 31 December 2015, the Audit Committee consists of three independent non-executive directors, Mr. Li Jianxing, Professor Zhang Benzheng and Mr. Chen Shu Wen. Mr. Li Jianxing, being an independent non-executive director, is the chairman of the Committee. The Audit Committee's role and function includes making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor; review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; develop and implement policy on the engagement of an external auditor to supply non-audit services; monitor the integrity of financial statements, annual reports and accounts, half-yearly and quarterly reports of the Company, and review significant financial reporting judgments contained in them; review the Company's financial controls, internal control and risk management systems; and review the Group's financial and accounting policies, procedures and practices.

The Audit Committee have reviewed the consolidated financial statements of the Group for the year ended 31 December 2015 pursuant to the relevant provisions contained in the Corporate Governance Code And Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules and were of the opinion that such statements had complied with applicable accounting standards and that adequate disclosures had been made in respect thereof.

The Audit Committee held five meetings during the year and the attendance of its members was as follows:

| **Members** | **Attendance number of meetings attended/ Number of meetings during term of service** |
|---|---|
| Li Jianxing | 5/5 |
| Zhang Benzheng | 5/5 |
| Chen Shu Wen | 5/5 |
| Tony I Tong (resigned on 22 September 2015) | 4/4 |

By order of the Board
**First China Financial Network Holdings Limited**
**Wang Jiawei**
*Chairman*

Hong Kong, 15 March 2016

*As of the date of this announcement, the executive Directors are 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. 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.*