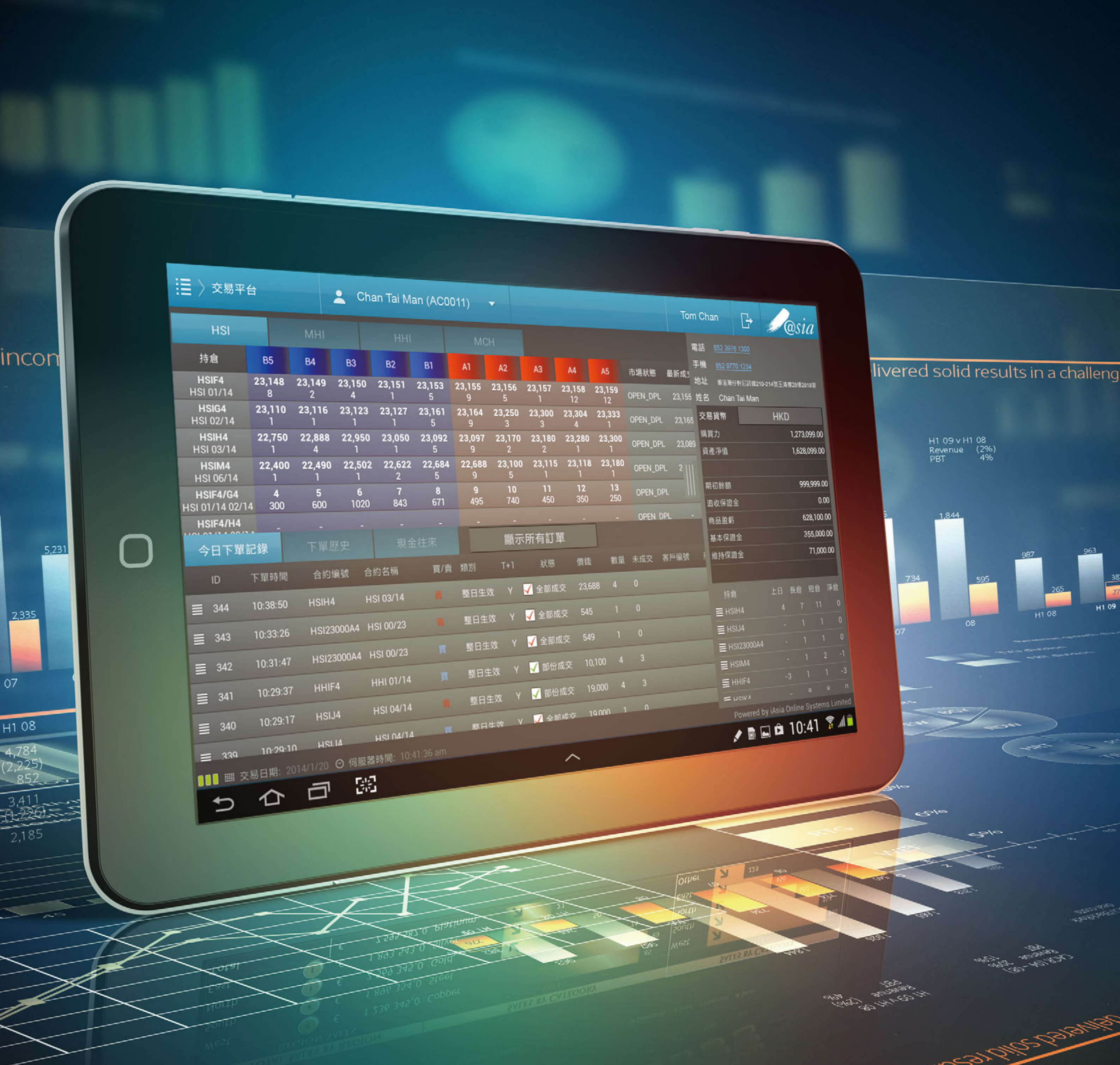
FINSOFT CORPORATION
匯財軟件公司

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

ANNUAL REPORT 2013



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

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

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

This report, for which the directors (the "Directors") of Finsoft Corporation (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Li Hoi Kong
Mr. Lawrence Tang

Chairman and non-executive Director

Mr. Chan Sek Keung, Ringo

Independent non-executive Directors

Ms. Lee Kwun Ling, May Jean
Mr. Tai Man Hin, Tony
Mr. Yuen Shiu Wai

BOARD COMMITTEES

Audit Committee

Mr. Tai Man Hin, Tony *(Chairman)*
Mr. Yuen Shiu Wai
Ms. Lee Kwun Ling, May Jean

Nomination Committee

Mr. Chan Sek Keung, Ringo *(Chairman)*
Ms. Lee Kwun Ling, May Jean
Mr. Yuen Shiu Wai

Remuneration Committee

Mr. Yuen Shiu Wai *(Chairman)*
Ms. Lee Kwun Ling, May Jean
Mr. Li Hoi Kong

Compliance Committee

Mr. Li Hoi Kong *(Chairman)*
Mr. Tai Man Hin, Tony
Mr. Lawrence Tang
Ms. Law Hau Yan

COMPANY SECRETARY

Mr. Lam Kit Sun, *CPA*

COMPLIANCE OFFICER

Mr. Li Hoi Kong

AUTHORISED REPRESENTATIVES

Mr. Li Hoi Kong
Mr. Lam Kit Sun

AUDITORS

HLB Hodgson Impey Cheng Limited
31/F, Gloucester Tower, The Landmark
11 Pedder Street, Central, Hong Kong

LEGAL ADVISERS AS TO HONG KONG LAWS

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Jardine House, 1 Connaught Place
Central, Hong Kong

COMPLIANCE ADVISER

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Unit A, 14th Floor
Two Chinachem Plaza
135 Des Voeux Road Central
Central, Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road, Hong Kong

DBS Bank (Hong Kong) Limited
16th Floor, The Centre
99 Queen's Road Central
Central, Hong Kong

HEADQUARTERS, HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

23/F, W Square
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Wanchai, Hong Kong

REGISTERED OFFICE

Clifton House, 75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Trust (Cayman) Ltd.
Clifton House, 75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
18/F, Fook Lee Commercial Centre
Town Place, 33 Lockhart Road
Wanchai, Hong Kong

PRINCIPAL PLACE OF LISTING

The Stock Exchange of Hong Kong Limited

STOCK CODE

8018

COMPANY'S WEBSITE

www.finsoftcorp.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Finsoft Corporation (the "Company"), I am pleased to present the annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2013.

The listing of the Company on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 26 September 2013 has enhanced the Group's reputation, strengthened the corporate governance and compliance management, as well as established a good foundation for our further expansion.

In 2013, despite the fact that the Group recorded a slight decrease in its revenue due to the delay of the launch of the new trading platforms of Hong Kong Exchanges and Clearing Limited ("HKEx"), namely Orion Central Gateway to the second quarter of 2014, the Group still maintained a stable business performance.

During the year, in addition to focusing on maintaining the Group's core business operations of financial trading software solutions, the Group was dedicated to the research and development ("R&D") for the enhancement of the existing products and new product development to cope with market needs. We are pleased that the testing and pilot run of the Android version of the Mobile App for Tablet for trading futures was completed and the new product was officially launched in late December 2013. The Android version of the Mobile App for Retail Investors for trading futures is undergoing the final testing and fine tuning process and is scheduled to be launched in the second quarter of 2014.

In order to diversify the Group's business and create a new source of revenue, the Group developed a new business division by establishing Dealmatch.com Limited and acquiring ChinaQFii Company Limited to venture into deal matching and referral business. We believe that this new business division can broaden the Group's customer base and also bring new business opportunities to our existing business in return.

The Group's strengths lie in its devoted efforts and focus in software solutions business, strong R&D capabilities and its well-established customer base. To facilitate long-term development, the Group will put strong emphasis on R&D to enhance its product portfolio, which is vital to our business development. Meanwhile, the Group will actively seek potential business opportunities to achieve synergy with our existing businesses and maintain sustainable growth.

Finally, I would like to express my deepest gratitude to the shareholders, business partners and customers for their continuous support to the Group. I would like to thank all the staff for their hard work and contributions. We will continue to create value and contribute to the Group to benefit all our shareholders.

Chan Sek Keung, Ringo
Chairman

Hong Kong, 18 March 2014

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

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

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

Financial Trading Software Solutions – iAsia Online Systems Limited ("iAsia")

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

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

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

(i) Enhancement of existing System

Securities Front Office System

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

Futures Front Office System

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

(ii) Development of new products

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

Mobile app for trading futures

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

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

Algorithmic Trading System

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

Order Management System

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

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

Business Diversification

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

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

Sales of Hardware

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

Sales of Technology Software Systems

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

System Customisation and Network Support

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

Software Maintenance

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

Software Licensing

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

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

Hosting

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

Referral

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

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin

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

Administrative Expenses

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

(Loss)/Profit for the Year

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

FOREIGN EXCHANGE EXPOSURE

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

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

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

CAPITAL COMMITMENT

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

CHARGES ON THE GROUP'S ASSETS

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

MATERIAL ACQUISITIONS, DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 7 November 2013, the Group acquired the entire equity interest of One Rich Investments Limited and its subsidiary, ChinaQFii Company Limited at a cash consideration of HK$1,500,000. Details of the acquisition are set out in note 30 to the consolidated financial statements.

SIGNIFICANT INVESTMENTS

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

CAPITAL STRUCTURE

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

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save for the investment as disclosed under the section headed "Events after the Reporting Period" on page 31 of this annual report and the plan of acquisition of an IT company as stated under the section headed "Business Objectives and Strategies" of the prospectus of the Company dated 18 September 2013 (the "Prospectus"), the Group does not have any concrete plan for material investments or capital assets for the coming year. Nonetheless, if any potential investment opportunity arises in the coming year, the Group will prepare the feasibility study and implementation plan when it is beneficial to the Group and its shareholders as a whole.

DIVIDENDS

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

EMPLOYEE AND REMUNERATION POLICY

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

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The shares of the Company were listed on the GEM of the Stock Exchange on 26 September 2013, and the net proceeds from the Placing (as defined in the Prospectus) were approximately HK$28.6 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Comparing with the future plans of the Group set out in the section "Future plans and use of proceeds" of the Prospectus, the Group's actual business progress up to 31 December 2013 were as follows:

For the period from the Latest Practicable Date as defined in the Prospectus to 31 December 2013 (the "BP Period")

	Business objectives stated in the Prospectus	Actual business progress
Enhancing product development by developing new products and improving its existing products	**New products**	
	• Recruit two staff for development of the Algorithmic Trading System	• There was no suitable candidate identified and hence the development of Algorithmic Trading System was done by the existing staff members in the development team during the BP Period. The Group is still looking for suitable candidates to fit the vacancies.
	• Test trading strategies and enrich features and enhance efficiency of the Algorithmic Trading System	• The trading strategies of Algorithmic Trading System has been tested with a futures broker. The features of Algorithmic Trading System have been enriched and the program order type has been added for futures trading.
	• Recruit three staff for development and testing of the Mobile App	• There was no suitable candidate identified and hence the development and testing of the Mobile App were done by the existing staff in the development team during the BP Period. The Group is still looking for suitable candidates to fit the vacancies.
	• Procure hardware for development of Mobile App	• Certain tablets were acquired for the development of Mobile App.
	• Launch Android version of the Mobile App for Tablet	• The development of the Android version of the Mobile App for Tablet has been completed and the new product was launched in late December 2013.
	• Launch Android version of the Mobile App for Retail Investors	• The Android version of the Mobile App for Retail Investors was undergoing the final testing and fine tuning process as at the end of the BP Period and was scheduled to be launched in the second quarter of 2014.

Business objectives stated in the Prospectus	Actual business progress
• Conduct hardware and network infrastructure planning and requirement capture for the Order Management System	• The hardware and network infrastructure capture for the Order Management System has been conducted and completed by the end of the BP Period.
Existing products	
• Recruit five staff for development of existing products	• Two suitable candidates have been identified and recruited during the BP Period for the development and enhancement of Front Office System and Back Office System. The Group is still looking for additional suitable candidates to fit the vacancies.
• Develop new features of the Futures Front Office System	• The following functions and features have been added to the Futures Front Office System: – program order type – stock options and combo product support – hotkey for different functions
• Complete upgrade of the trading interface of the Securities Front Office System to OCG and the market data interface	• The launch of OCG migration by HKEx has been postponed to the second quarter of 2014. The development and enhancement of Securities Front Office System have been completed as at the end of the BP Period. The upgraded system has passed the certification tests of HKEx's OCG subsequent to the BP Period and is scheduled to be launched in the second quarter of 2014.
• Complete upgrade of the trading interface of the Futures Front Office System to CG	• The upgrade of the trading interface of the Futures Front Office System to CG has been completed. The upgraded system has successfully passed the Genium INET platform certification test and been launched to all iAsia's future clients during BP Period.
• Commence to enhance the market data interface of the Futures Front Office System to CG	• The development team was reviewing the specification of the Orion Market Data Platform — Derivatives Market ("OMD-D") of HKEx during the BP Period and expected to complete the enhancement of the market date interface in the second quarter of 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

	Business objectives stated in the Prospectus	Actual business progress
Expanding the customer base	• Send product brochures of OCG solutions, by email and post, to all Stock Exchange Participants	• Product brochures of OCG solutions have not been sent by email and post to the Stock Exchange participants during the BP Period due to postponement of launch of OCG migration to the second quarter of 2014.
	• Organise seminars to explain technical specifications of OCG	• Seminar has not been organised during the BP Period due to postponement of launch of OCG migration to the second quarter of 2014.
	• Send product brochures of enhanced version of Futures Front Office System to all Futures Exchange Participants	• Brochures of enhanced version of Futures Front Office System have not been sent to the Futures Exchange Participants during the BP Period as iAsia planned to do so in the second quarter of 2014 to match the completion time of the enhancement of the market data interface in order to maximise the marketing effect. Instead, during the BP Period, the Group has organised a marketing event to sponsor a movie gala premier in the fourth quarter of 2013 and prepaid for the television advertisements, which has been broadcasted since January 2014, to enhance the Group's reputation so as to help expand the customer base.
	• Commence to organise briefing sessions on an on-going basis to round up existing products and preview new products under development	• A product coordination meeting was held monthly as follows: – the business development team provided the market requirement for study; – the project development team introduced the new features of the existing products; and – the customer service team reported the response and feedback from customers on latest requirements and existing products.

	Business objectives stated in the Prospectus	Actual business progress
Possible acquisition of an IT company	• Identify potential IT company for acquisition	• During the BP Period, the Group has not identified any suitable potential IT company for acquisition. The Group is still working for the identification of a suitable target.

USE OF PROCEEDS FROM THE PLACING

Based on the Placing Price of HK$0.82 per Placing Share (as defined in the Prospectus), the proceeds raised from the Placing amounted to approximately HK$28.6 million, net of underwriting fees and other related expenses.

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Directors consider that incorporating the elements of good corporate governance in the management structures and internal control procedures of the Group could balance the interests of the shareholders (the "Shareholders"), customers and employees of the Company. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 15 of the GEM Listing Rules to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

In accordance with the requirements of the GEM Listing Rules, the Company has established an audit committee, a remuneration committee and a nomination committee with specific written terms of reference.

During the Period, the Company has complied with the CG Code as set out in Appendix 15 to the GEM Listing Rules, except for the deviation as disclosed under the section headed "Chairman and Chief Executive Officer" below.

DIRECTORS' SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

Composition of the Board of Directors

As at the date of this annual report, the Board comprises two executive Directors, one Chairman and non-executive Director and three independent non-executive Directors. The composition of the Board was as follows:

Executive Directors

Mr. Li Hoi Kong (appointed on 10 September 2013)
Mr. Lai Wai Ho, Samson (appointed on 10 September 2013 and resigned on 21 January 2014)
Mr. Lawrence Tang (appointed on 29 January 2014)

Chairman and non-executive Director

Mr. Chan Sek Keung, Ringo
(appointed as a Director on 18 December 2012 and re-designated as a non-executive Director and appointed as Chairman on 10 September 2013)

Independent non-executive Directors

Ms. Lee Kwun Ling, May Jean (appointed on 10 September 2013)
Mr. Tai Man Hin, Tony (appointed on 10 September 2013)
Mr. Yuen Shiu Wai (appointed on 10 September 2013)

The biographical details of all Directors and senior management of the Company are set out on pages 23 to 25 of this annual report. To the best knowledge of the Company, save as disclosed under the section headed "Biographical Details of Directors and Senior Management", there is no financial, business, family or other material or relevant relationships among members of the Board.

Functions of the Board

The principal function of the Board is to consider and approve the overall business plans and strategies of the Group, develop and implement the corporate governance function, monitor the implementation of these policies and strategies and the management of the Company. The Group has an independent management team, which is led by a team of senior management with substantial experience and expertise in the Group's business to which the Board delegates the authority and responsibility for implementing the Group's policies and strategies.

During the Period, the management provided all members of the Board with monthly updates in accordance with the code provision C.1.2 of the CG Code.

Board Meetings and Board Practices

The Directors can attend meetings in person or through other means of electronic communication in accordance with the Company's articles of association. All minutes of the Board meetings were recorded in sufficient detail the matters considered by the Board and the decisions reached.

During the Period, the Board held two board meetings. Details of the attendance of Directors are as follows:

Directors	Attendance/ Number of General Meeting entitled to attend (Note 1)	Attendance/ Number of Board Meetings entitled to attend
Executive Directors		
Mr. Li Hoi Kong (appointed on 10 September 2013)	N/A	2/2
Mr. Lai Wai Ho, Samson (appointed on 10 September 2013 and resigned on 21 January 2014)	N/A	2/2
Mr. Lawrence Tang (appointed on 29 January 2014) (Note 2)	N/A	N/A
Chairman and non-executive Director		
Mr. Chan Sek Keung, Ringo (appointed as a Director on 18 December 2012 and re-designated as a non-executive Director and appointed as Chairman on 10 September 2013)	N/A	2/2
Independent non-executives Directors		
Ms. Lee Kwun Ling, May Jean (appointed on 10 September 2013)	N/A	2/2
Mr. Tai Man Hin, Tony (appointed on 10 September 2013)	N/A	2/2
Mr. Yuen Shiu Wai (appointed on 10 September 2013)	N/A	2/2

Notes:

1 No general meeting has been held during the Period.

2 Mr. Lawrence Tang did not attend any board meetings during the Period as he was appointed on 29 January 2014, subsequent to the year ended 31 December 2013.

Directors' Appointment, Re-election and Removal

Under the code provision A.4.1 of the CG Code, the non-executive directors should be appointed for a specific term.

Each of the executive Directors has entered into a service contract with the Company for an initial fixed term of three years commencing from the Listing Date subject to termination, among others, by giving not less than three months' written notice, except for Mr. Lawrence Tang who has entered into a service contract with the Company for an initial fixed term of three years commencing from his date of appointment as the executive Director i.e. 29 January 2014 subject to termination, among others, by giving not less than three months' written notice.

Each of the non-executive Director and independent non-executive Directors has entered into a service contract with the Company for an initial term of two years commencing from the Listing Date subject to termination in certain circumstances as stipulated in the relevant service contract.

In compliance with the code provision A.4.2 of the CG Code, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. By virtue of article 112 of the articles of association of the Company, the Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting of the Company.

Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In compliance with the code provision A.4.2 of the CG Code, every director should be subject to retirement by rotation at least once every three years. Furthermore, pursuant to article 108(a) of the articles of association of the Company, at each annual general meeting one-third of the directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every 3 years. A retiring director shall be eligible for re-election.

Independent non-executive Directors

The Company has three independent non-executive Directors which complies with Rule 5.05(1) of the GEM Listing Rules. Furthermore, among the three independent non-executive Directors, Mr. Tai Man Hin, Tony has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 5.05(2) of the GEM Listing Rules. The independent non-executive Directors represent at least one-third of the Board in compliance with Rule 5.05A of the GEM Listing Rules.

The Company has received from each of the independent non-executive Directors a written confirmation or an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers the independent non-executive Directors are or have been remained independent.

Chairman and Chief Executive Officer

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

Delegation of Powers

The Board delegates day-to-day operations of the Group to executive Directors and management of the Company with department heads responsible for different aspects of the business/functions, while reserving certain key matters in making strategic decision for its approval. When the Board delegates aspects of its management and administration functions to management, it gives clear directions as to the powers of management, in particular, with respect to the circumstances where management need to report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

Continuing Professional Development

According to the code provision A.6.5 of the CG Code, all directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. During the Period, the Company has arranged and/or introduced some director's training courses for the Directors to develop and explore their knowledge and skills.

The Directors confirmed that they have complied with the code provision A.6.5 of the CG Code on the Directors' training. During the Period, all the Directors have participated in continuous professional development by attending seminars or reading materials on the following topics to develop and refresh their knowledge and skills and provided a record of training to the Company.

Directors	Attending seminar(s) or programme(s)/ reading relevant materials in relation to the business, GEM Listing Rules or directors' duties (Yes/No)
Executive Directors	
Mr. Li Hoi Kong (appointed on 10 September 2013)	Yes
Mr. Lai Wai Ho, Samson (appointed on 10 September 2013 and resigned on 21 January 2014)	Yes
Mr. Lawrence Tang (appointed on 29 January 2014)	Yes
Chairman and non-executive Director	
Mr. Chan Sek Keung, Ringo (appointed as a Director on 18 December 2012 and re-designated as a non-executive Director and appointed as Chairman on 10 September 2013)	Yes
Independent non-executive Directors	
Ms. Lee Kwun Ling, May Jean (appointed on 10 September 2013)	Yes
Mr. Tai Man Hin, Tony (appointed on 10 September 2013)	Yes
Mr. Yuen Shiu Wai (appointed on 10 September 2013)	Yes

Directors' and Officers' Liabilities Insurance and Indemnity

The Company has arranged for appropriate insurance covering the liabilities in respect of legal action against the Directors that may arise out in the corporate activities which has been complied with the CG Code. The insurance coverage is reviewed on an annual basis.

BOARD COMMITTEES

Audit Committee

The Company established an audit committee (the "Audit Committee") on 10 September 2013 with written terms of reference in compliance with paragraphs C.3.3 and C.3.7 of the CG Code and available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are, among other matters, to review and supervise the financial reporting process and internal control system of the Group. The chairman of the Audit Committee is Mr. Tai Man Hin, Tony and other members include Ms. Lee Kwun Ling, May Jean and Mr. Yuen Shiu Wai, both being the independent non-executive Directors.

During the Period, the Audit Committee held one meeting to review the unaudited consolidated results for the three months and nine months ended 30 September 2013. Details of the attendance of members of the Audit Committee meeting are as follows:

Members	Attendance/ Number of Audit Committee Meetings entitled to attend
Mr. Tai Man Hin, Tony (Chairman) (appointed on 10 September 2013)	1/1
Mr. Yuen Shiu Wai (appointed on 10 September 2013)	1/1
Ms. Lee Kwun Ling, May Jean (appointed on 10 September 2013)	1/1

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed with the management about the internal control and financial reporting matters for the year ended 31 December 2013. The Group's audited results for the year ended 31 December 2013 have also been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and that adequate disclosures have been made.

Remuneration Committee

The Company established a remuneration committee (the "Remuneration Committee") on 10 September 2013 with written terms of reference in compliance with paragraph B.1.2 of the CG Code and available on the websites of the Stock Exchange and the Company. The primary duties of the Remuneration Committee are, amongst other things, to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management and on the Group's policy and structure for all remuneration of the Directors and senior management. The chairman of the Remuneration Committee is Mr. Yuen Shiu Wai and other members include one executive Director, namely Mr. Li Hoi Kong and one independent non-executive Director, Ms. Lee Kwun Ling, May Jean.

Since the Period was relatively short, the Remuneration Committee did not hold any meeting during the Period.

Details of the remuneration of each of the Directors for the year are set out in note 13 to the consolidated financial statements.

Nomination Committee

The Company established a nomination committee (the "Nomination Committee") on 10 September 2013 with written terms of reference in compliance with paragraph A.5.2 of the CG Code and available on the websites of the Stock Exchange and the Company. The primary duties of the Nomination Committee are, among other matters, to formulate nomination policy and make recommendations to the Board on nomination and appointment of the Directors and succession planning for the Directors. The chairman of the Nomination Committee is Mr. Chan Sek Keung, Ringo and other members include Ms. Lee Kwun Ling, May Jean and Mr. Yuen Shiu Wai, both being the independent non-executive Directors.

Since the Period was relatively short, the Nomination Committee did not hold any meeting during the Period.

Compliance Committee

The Company established a compliance committee (the "Compliance Committee") on 10 September 2013 with written terms of reference.

The role of the Compliance Committee includes:

- to establish, execute and maintain the compliance system of the Group;
- to support and provide instructions to ensure that each business unit can establish, execute and maintain its compliance system;
- to produce the compliance manual and keep it updated;
- to conduct education and training programmes on compliance, including compliance seminars;
- to monitor the status of the compliance system; and
- to investigate compliance problems and take appropriate measures when one arises (it may instruct the relevant department(s) to deal with the problem depending on its nature).

The chairman of the Compliance Committee is Mr. Li Hoi Kong and other members include Mr. Lawrence Tang, being the executive Director, Mr. Tai Man Hin, Tony, being the independent non-executive Director and Ms. Law Hau Yan, being the finance manager of iAsia.

During the Period, the Compliance Committee has established, executed and maintained the compliance system of the Group.

ACCOUNTABILITY AND AUDIT

Directors' and Auditors' Responsibilities for the Consolidated Financial Statements

The Directors acknowledges their responsibility for preparing the consolidated financial statements of the Group for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for the year ended 31 December 2013, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The reporting responsibilities of the Company's external auditors, HLB Hodgson Impey Cheng Limited, is set out in the section headed "Independent Auditors' Report" on page 33 of this annual report.

During the Period, the Board did not take a different view from the Audit Committee on the appointment of external auditors.

CORPORATE GOVERNANCE REPORT

Auditors' Remuneration

During the year ended 31 December 2013, the remuneration paid or payable to the Company's auditors, HLB Hodgson Impey Cheng Limited, in respect of their audit and non-audit services was as follows:

	HK$
Audit service	
– Audit for the year	400,000
Non-audit services	
– Review of financial information of quarterly report	40,000
– Acting as reporting accountants for listing	1,900,000
Total	2,340,000

CORPORATE GOVERNANCE FUNCTIONS

According to code provision D.3 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company. The Board shall have the following duties and responsibilities for performing the corporate governance duties of the Company:

- to develop and review the policies and practices on corporate governance of the Group and make recommendations;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees; and
- to review the Company's compliance with the CG Code as set out in Appendix 15 to the GEM Listing Rules and disclosure in the corporate governance report of the Company.

The Board has reviewed the Company's policies and practices on corporate governance and compliance with the CG Code, reviewed and monitored the training and continuous professional development of Directors and senior management and reviewed and monitored the Group's policies and practices on compliance with legal and regulatory requirements during the Period as well as the disclosures in this Corporate Governance Report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board acknowledges its responsibility for the effectiveness of the Group's internal control systems. The Board has reviewed the effectiveness of the internal control system of the Group, which covers financial, operational, compliance procedural and risk management functions for the year ended 31 December 2013.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company established a shareholders' communication policy and reviews it on a regular basis to ensure its effectiveness. The Company communicates with the shareholders (the "Shareholders"), the potential investors or the investment community (collectively, the "Investors") of the Company mainly in the following ways:

(a) the holding of annual general meetings and extraordinary general meetings, if any, which may be convened for specific purpose and provide opportunities for the Shareholders and Investors to communicate directly with the Board;

(b) the publication of quarterly, interim and annual reports, circulars, announcements and notices of shareholders' meetings as required under the GEM Listing Rules and/or press releases of the Company providing updated information of the Group; and

(c) the latest information of the Group being available on the websites of the Stock Exchange and the Company.

Pursuant to article 65 of the articles of association of the Company, the annual general meetings or extraordinary general meeting of the Company called for the passing of a special resolution shall be called by at least 21 days' notice in writing. The meetings of the Company other than an annual general meeting or an extraordinary general meeting for the passing of a special resolution shall be called by at least 14 days' notice in writing.

SHAREHOLDER'S RIGHTS

Convening an Extraordinary General Meeting by Shareholders

Any one or more Shareholders holding at the date of deposit of the requisition not less than one tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Sending Enquiries and Proposals to the Board

Shareholder(s) may send their enquiries and/or put forward proposals to the Company, for the attention of the Board or the company secretary of the Company, by posting the same to 23/F, W Square, 318 Hennessy Road, Wanchai, Hong Kong.

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMPANY SECRETARY

The company secretary of the Company, Mr. Lam Kit Sun, is an employee of the Company and was appointed by the Board. He is also the Chief Financial Officer of the Company. Biographical Details of Mr. Lam are set out in the section of "Biographical Details of Directors and Senior Management" on page 25 of this annual report. During the year, Mr. Lam undertook not less than 15 hours of relevant professional training to update his skills and knowledge.

CONSTITUTIONAL DOCUMENTS

Pursuant to a special resolution of the Shareholders passed on 10 September 2013, the amended and restated memorandum and articles of association of the Company were adopted with effect from 10 September 2013. Save as disclosed above, during the year ended 31 December 2013, there was no significant change in the memorandum and articles of association of the Company.

The amended and restated memorandum and articles of association of the Company are available on the websites of the Stock Exchange and the Company respectively.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Li Hoi Kong (李海港), aged 40, was appointed as an executive Director and chief operating officer of the Group on 10 September 2013.

Mr. Li obtained a degree of Bachelor of Engineering in Computer Science from The Hong Kong University of Science and Technology in November 1997.

Mr. Li has extensive experience in the field of information technology in the financial industry. Mr. Li was a programmer in C.A. Pacific Management Limited from August 1997 to March 1998 handling internet trading system projects. From August 1998 to July 2000, Mr. Li joined China Rise Consultants Limited as an analyst programmer. He was responsible for developing and enhancing the financial system and system design, and development of an online order entry and execution system that integrated with the financial system. In July 2000, Mr. Li joined Intelligent Group Enterprise Limited, Powerticker as a system architect and his last position was project manager. During his time at Intelligent Group Enterprise Limited, Powerticker, he was the chief architect in setting up numerous systems, including, among others, a streaming financial data system, a multi-market financial data system and a merchandising inventory system. He was also involved in the human resource management and was project leader for numerous international clients.

In February 2005, Mr. Li joined iAsia and took up the position as project director. He was mainly responsible for the business development, operation and overseeing of all projects and resources scheduling. Mr. Li was promoted to the chief operating officer of iAsia on 1 April 2009. Currently, he is principally in charge of the Group's daily operations, business development, customer support and quality assurance, finance and administration.

Mr. Lawrence Tang, aged 38, was appointed as an executive Director of the Group on 29 January 2014.

Mr. Tang graduated from the University of Staffordshire in the United Kingdom with a Bachelor of Arts Degree in Law and Accounting.

He has broad experience in international trade and marketing in Europe, North America, Hong Kong and the PRC. Mr. Tang also possesses extensive experience and knowledge in the PRC market in (i) industrial management; (ii) project management; and (iii) management and operation. Mr. Tang was also an executive director of Jun Yang Solar Power Investments Limited (stock code: 397), a company listed on the Main Board of the Stock Exchange from December 2009 to October 2013.

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Mr. Chan Sek Keung, Ringo (陳錫強), aged 54, was appointed as a director on 18 December 2012 and re-designated as a non-executive Director on 10 September 2013. Mr. Chan is the chairman of the Board.

Mr. Chan obtained a degree of Bachelor of Science in Engineering from The University of Hong Kong in November 1981. He was a fellow member of The Hong Kong Institute of Directors. He was a member of the Chinese People's Political Consultative Conference (CPPCC) for Jinan, Shandong Province for the year 2012 and is currently a member of the CPPCC for Chengdu, Sichuan Province, the PRC.

Mr. Chan has extensive experience in the networking industry. In 1981, Mr. Chan joined Infa Telecom Limited, a company principally engaged in telecommunication system integration. In 1984, Mr. Chan joined the electronics division of General Electric Company in Hong Kong. In 1985, Mr. Chan joined Case Communications Limited, a company principally engaged in manufacturing of network equipment, as the Far East regional manager. In 1988, Mr. Chan joined Wafer Telecom Limited, which was principally engaged in the trading of network equipment in Hong Kong, as the general manager and one of the shareholders of that company.

In November 1998, Mr. Chan founded MelcoLot Limited ("MelcoLot") (stock code: 8198), a company principally engaged in the provision of lottery-related technologies, systems and solutions in the PRC whose securities are listed on the GEM of the Stock Exchange. Mr. Chan was appointed an executive director and chairman of MelcoLot from September 2001 to December 2009. He was re-designated as its non-executive director in December 2009 and resigned as its chairman with effect from February 2010. In March 2010, he was re-appointed as the chairman of MelcoLot. Since then, he remained as a non-executive director and chairman of MelcoLot until July 2013 when he resigned from both positions. Mr. Chan was appointed as MelcoLot's advisor in August 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Lee Kwun Ling, May Jean (李筠翎), aged 53, was appointed as an independent non-executive Director on 10 September 2013.

From 1 December 2006 to 9 October 2012, Ms. Lee was employed by King Fook Holdings Limited and her last position was director of sales and brand development, Greater China. In October 2012, Ms. Lee joined Boucheron Hong Kong Limited as retail director. Ms. Lee is currently a director of Yan Oi Tong, a registered non-profit charitable organisation. Ms. Lee is currently studying a degree in Master of Business Administration (Executive) at the City University of Hong Kong.

Mr. Tai Man Hin, Tony (戴文軒), aged 36, was appointed as an independent non-executive Director on 10 September 2013.

Mr. Tai obtained a degree of Bachelor of Business Administration in Accounting from The Hong Kong University of Science and Technology in November 1999. He also received a degree of Master of Business Administration from The University of Manchester, the United Kingdom in December 2012. He was admitted as an associate member of Hong Kong Society of Accountants (now known as The Hong Kong Institute of Certified Public Accountants) and The Institute of Chartered Accountants in England and Wales in January 2003 and February 2008 respectively. He has become a fellow member of The Association of Chartered Certified Accountants since September 2007.

Mr. Tai has more than 10 years of experience in the accounting field. He had worked for various multinational companies such as American International Assurance Company Limited, Olympus Hong Kong and China Limited and CSL Limited. He is currently the financial controller and company secretary of Sunley Holdings Limited (stock code: 1240), a company listed on the Main Board of the Stock Exchange. He is also the company secretary of Zhongtian International Limited (stock code: 2379), a company listed on the Main Board of the Stock Exchange and the independent non-executive director of First Credit Finance Group Limited (stock code: 8215), a company listed on the GEM of the Stock Exchange. Mr. Tai is also the chief financial officer and company secretary of China New Economy Fund Limited (stock code: 80), a company listed on the Main Board of the Stock Exchange.

Mr. Yuen Shiu Wai (袁紹槐), aged 55, was appointed as an independent non-executive Director on 10 September 2013.

Mr. Yuen obtained a Bachelor's degree of Science in Engineering from The University of Hong Kong in November 1981. He also received a degree of Master of Science (Finance) from National University of Ireland in October 1999. In April 2007, Mr. Yuen was certified as a Financial Risk Manager (FRM) and further qualified as a Chartered Financial Analyst (CFA) in September 2008.

Mr. Yuen has extensive experience in the field of sales and business development, as well as financial investment and valuation. Mr. Yuen joined VTech Computers Limited in March 1996 as a sales manager. Mr. Yuen joined RHL Appraisal Ltd. in September 2006 as a manager and was promoted to the position of associate director in August 2007. Subsequently, Mr. Yuen worked as an analyst of investment department of Chung Yuen Electrical Co., Ltd. from January 2008 to August 2008. On 1 September 2008, Mr. Yuen was appointed as a director of Ascent Partners Transaction Service Limited. Currently, Mr. Yuen is a director of Ascent Partners Valuation Service Limited overseeing its valuation business. Both companies are wholly-owned subsidiaries of Ascent Partners Group Limited.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Wong Cheuk Wai (黃卓威), aged 36, is the business development director of iAsia.

Mr. Wong obtained a degree of Bachelor of Engineering in Computer Engineering from The Hong Kong University of Science and Technology in November 2000 and a degree of Master of Science from The Chinese University of Hong Kong in December 2004 and a Graduate Diploma in English and Hong Kong Law (CPE) in The Manchester Metropolitan University in July 2013. Mr. Wong has been a registered Hong Kong member of the Institute of Paralegals since August 2011 and has been elected as a Certified Paralegal (HK) since October 2013.

Mr. Wong has over 10 years' extensive experience in the field of information technology in the financial industry. From August 2002 to January 2003, Mr. Wong served as an analyst programmer in iAsia Solutions Limited. From February 2003 to July 2004, he was re-designated as a consultant and was responsible for product development. Mr. Wong joined iAsia as project manager in August 2004. In April 2009, he was promoted to the business development manager handling sales and marketing activities and system changes. Mr. Wong was further promoted to senior business development manager in April 2010. Currently, Mr. Wong is the business development director of iAsia principally responsible for the Group's sales and marketing function.

Mr. Liu Hon Kit (廖漢杰), aged 35, is the project director of iAsia. Mr. Liu obtained a degree of Bachelor of Science from The Chinese University of Hong Kong in November 2001.

Mr. Liu joined iAsia as a programmer in June 2001 and was promoted to system analyst in February 2003. He was then promoted to project manager in August 2004 and further promoted to senior project manager in April 2010. Mr. Liu has been the project director of iAsia since April 2013, responsible for leading iAsia's back office team and in particular, the development of various back office systems of iAsia. During Mr. Liu's long period of employment with iAsia, he has accumulated extensive experience and expertise in the information technology industry.

COMPANY SECRETARY

Mr. Lam Kit Sun (林傑新), aged 36, was appointed as the company secretary of the Company and chief financial officer of the Group on 10 September 2013.

Mr. Lam graduated from The Hong Kong University of Science and Technology with a bachelor degree of Business Administration in Accounting. Mr. Lam has over 10 years' experience in the field of financial reporting, financial management and audit. Mr. Lam is a fellow and practicing member of the Hong Kong Institute of Certificate Public Accountants, a fellow of the Association of Chartered Certified Accountants, an associate of The Hong Kong Institute of Chartered Secretaries and a non-practicing member of the Chinese Institute of Certified Public Accountants.

Mr. Lam has worked in an international accountancy firm in Hong Kong for over 4 years and was the company secretary and qualified accountant of China Leason Investment Group Co. Limited (now known as China Leason CBM & Shale Gas Group Company Limited) (stock code: 8270), a company listed on the GEM of the Stock Exchange. Mr. Lam was the non-executive director of Ruifeng Petroleum Chemical Holdings Limited (stock code: 8096), a company listed on the GEM of the Stock Exchange, from 11 August 2008 to 6 July 2011. Mr. Lam had been the executive director of Kiu Hung Energy Holdings Limited (stock code: 381) from 27 October 2009 and was re-designated as its non-executive director with effect from 1 August 2013. He is an executive director, company secretary and chief financial officer of Universe International Holdings Limited (stock code: 1046), a company listed on the Main Board of the Stock Exchange. He is also an independent non-executive director of DX.com Holdings Limited (stock code: 8086) and M Dream Inworld Limited (stock code: 8100), companies whose securities are listed on the GEM of the Stock Exchange.

REPORT OF THE DIRECTORS

The Directors herewith present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2013.

CORPORATE REORGANISATION AND PLACING

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 December 2012. Pursuant to a reorganisation to rationalise the group structure in preparation for the Listing, the Company became the holding company of the Group. Details of the reorganisation are set out in the Prospectus. The Company's shares (the "Shares") were listed on the GEM of the Stock Exchange on 26 September 2013.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company while its principal subsidiaries are principally engaged in the development, sale and lease of financial trading software solutions with principal products being trading and settlement systems of financial products for financial institutions and provision of referral services to source, identify and refer prospective deal opportunities to interested parties as set out in note 1 to the consolidated financial statements.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company for the year ended 31 December 2013 and the book closure of the register of members of the Company will be notified separately.

NON-COMPETITION UNDERTAKING

Mr. Chan Sek Keung, Ringo, Woodstock Management Limited and Luster Wealth Limited (collectively the "Covenantors"), have entered into a deed of non-competition dated 10 September 2013 in favour of the Company and its subsidiaries (the "Deed of Non-competition").

The Company has received from each of the Covenantors an annual confirmation on the compliance of the non-competition undertaking under the Deed of Non-competition (the "Undertaking"). A committee comprising all of the independent non-executive Directors has been established to review the compliance of the Undertaking from the Covenantors and evaluate the effectiveness of the implementation of the Deed of Non-Competition and the Company considers the Covenantors has complied with the Undertaking.

Please refer to the Prospectus for the details of the Deed of Non-competition.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2013, the top five customers of the Group accounted for approximately 27.16% in aggregate of the consolidated revenue. The top five suppliers of the Group accounted for approximately 88.46% in aggregate of the consolidated cost of sales (excluding direct staff costs) for the year. In addition, the largest customer of the Group accounted for approximately 10.84% of the consolidated revenue and the largest supplier of the Group accounted for approximately 33.81% of the consolidated cost of sales (excluding direct staff costs) for the year.

None of the Directors, their associates or any shareholders (which to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) were interested in these major customers and/or suppliers during the year.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2013 are set out in the consolidated statement of comprehensive income on page 34 of this annual report.

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

REPORT OF THE DIRECTORS

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year ended 31 December 2013 are set out in note 27 to the consolidated financial statements.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors a written confirmation or an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers the independent non-executive Directors are or have been remained independent.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders of the Company.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 10 September 2013 as to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Scheme. Pursuant to the Scheme, the Board is authorised, at its absolute discretion and subject to the terms of the Scheme, to grant options to subscribe the Shares to any employees (full-time or part-time), directors, consultants or advisers of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group. The Scheme shall be valid and effective for a period of ten years commencing on 10 September 2013, subject to early termination provisions contained in the Scheme.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00. The subscription price of a Share in respect of any particular option granted under the Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

The total number of Shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not exceed 10% of the Shares in issue on the Listing Date. The Company may at any time refresh such limit, subject to the shareholders' approval and issue of a circular in compliance with the GEM Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the Shares in issue from time to time. The total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue unless approved by the shareholders of the Company and issue of a circular and all other information in compliance with the GEM Listing Rules.

An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

As at 31 December 2013, the total number of securities available for issue under the Scheme was 20,000,000 Shares, which represented 10% of the issued share capital of the Company.

REPORT OF THE DIRECTORS

From the adoption date of the Scheme on 10 September 2013 to 31 December 2013, no share option was granted, exercised, cancelled or lapsed and there was no outstanding share option under the Scheme as at 10 September 2013 and as at 31 December 2013.

Particulars of the Scheme are set out in note 28 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and in note 29 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

Details of movement in the reserves available for distribution of the Company during the year are set out on page 79 of this annual report.

As at 31 December 2013, the Company had reserves amounted to HK$24,542,283 (2012: Nil) available for distribution as calculated in accordance with statutory provisions applicable in Cayman Islands.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group are set out in note 18 to the consolidated financial statements.

DIRECTORS

During the period from the Listing Date to the date of this annual report, the Directors of the Company are as follows:

Executive Directors

Mr. Li Hoi Kong (appointed on 10 September 2013)
Mr. Lai Wai Ho, Samson (appointed on 10 September 2013 and resigned on 21 January 2014)
Mr. Lawrence Tang (appointed on 29 January 2014)

Chairman and non-executive Director

Mr. Chan Sek Keung, Ringo
(appointed as a Director on 18 December 2012 and re-designated as a non-executive Director and appointed as Chairman on 10 September 2013)

Independent non-executive Directors

Ms. Lee Kwun Ling, May Jean (appointed on 10 September 2013)
Mr. Tai Man Hin, Tony (appointed on 10 September 2013)
Mr. Yuen Shiu Wai (appointed on 10 September 2013)

Pursuant to article 108(a) of the articles of association of the Company, at each annual general meeting of the Company, one-third of the Directors for the time being shall retire from office by rotation and all such retiring Directors being eligible, will offer themselves for re-election. Each of Mr. Chan Sek Keung, Ringo and Ms. Lee Kwun Ling, May Jean shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company pursuant to article 108(a) of the articles of association of the Company. Mr. Lawrence Tang, an executive Director appointed by the Board on 29 January 2014, being eligible, offer himself for re-election pursuant to article 112 of the articles of association of the Company.

REMUNERATION OF THE DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the remuneration of the Directors and five Individuals with highest emoluments are set out in the note 13 and note 14 to the consolidated financial statements respectively.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial fixed term of three years commencing from the Listing Date subject to termination, among others, by giving not less than three months' written notice, except for Mr. Lawrence Tang who has entered into a service contract with the Company for an initial fixed term of three years commencing from his date of appointment as the executive Director i.e. 29 January 2014 subject to termination, among others, by giving not less than three months' written notice.

Each of the non-executive Director and independent non-executive Directors has entered into a service contract with the Company for an initial term of two years commencing from the Listing Date subject to termination in certain circumstances as stipulated in the respective service contracts.

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

As at 31 December 2013, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(i) Long Position Ordinary Shares and Underlying Shares of the Company

Name of Director	Capacity/Nature	Number of Shares held/ interested	Percentage of shareholding
Mr. Chan Sek Keung, Ringo ("Mr. Chan") (Note)	Interest in controlled corporation	138,750,000	69.375%

Note:

These 138,750,000 Shares are held by Luster Wealth Limited ("Luster Wealth"). Mr. Chan beneficially owns 100% of the issued share capital of Woodstock Management Limited ("Woodstock"), which in turn owns 85% of the issued share capital of Luster Wealth. Therefore, Mr. Chan is deemed, or taken to be, interested in all the Shares held by Luster Wealth for the purpose of the SFO. Mr. Chan is the sole director of each of Luster Wealth and Woodstock, respectively. Mr. Li Hoi Kong ("Mr. Li"), an executive Director, Mr. Lai Wai Ho, Samson ("Mr. Lai"), an executive Director who resigned on 21 January 2014, Mr. Wong Cheuk Wai, a member of the senior management of the Group and Mr. Liu Hon Kit, a member of the senior management of the Group, owns 6.5%, 6.5%, 1% and 1% of the issued share capital of Luster Wealth, respectively.

(ii) Long Position in the Ordinary Shares of Associated Corporations

Name of Director	Name of associated corporation	Capacity/Nature	Number of share(s) held/ interested	Percentage of shareholding
Mr. Chan	Woodstock	Beneficial owner	1	100%
Mr. Chan	Luster Wealth	Interest in controlled corporation	850	85%
Mr. Li	Luster Wealth	Beneficial owner	65	6.5%
Mr. Lai	Luster Wealth	Beneficial owner	65	6.5%

Save as disclosed above, as at 31 December 2013, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

So far as is known to the Directors, as at 31 December 2013, the following persons (not being a Director or chief executive of the Company) had interests or short positions in Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% of more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long Position in Ordinary Shares and Underlying Shares of the Company

Name of shareholder	Capacity/Nature	Number of Shares held/ interested	Percentage of shareholding
Luster Wealth	Beneficial owner	138,750,000	69.375%
Woodstock	Interest in controlled corporation	138,750,000	69.375%
Efficient Channel Limited ("Efficient Channel") (Note 1)	Beneficial owner	11,250,000	5.625%
Mr. Kwok Shun Tim ("Mr. Kwok") (Note 1)	Interest in controlled corporation	11,250,000	5.625%
Ms. Yip Nga Wan ("Ms. Yip") (Note 2)	Interest of spouse	11,250,000	5.625%

Notes:

1. These 11,250,000 Shares are held by Efficient Channel. Mr. Kwok beneficially owns 100% of the issued share capital of Efficient Channel. Therefore, Mr. Kwok is deemed, or taken to be, interested in all the Shares held by Efficient Channel for the purpose of the SFO. Mr. Kwok is the sole director of Efficient Channel.

2. Ms. Yip is the spouse of Mr. Kwok. Accordingly, Ms. Yip is deemed, or taken to be, interested in all the Shares in which Mr. Kwok is interested in for the purpose of the SFO.

Save as disclosed above, as at 31 December 2013, the Directors are not aware of any other persons who have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any of its subsidiaries.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out on pages 23 to 25 of this annual report.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance (as defined under the GEM Listing Rules) to which the Company, its holding companies, or any of its subsidiaries was a party, and in which a Director had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2013.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2013.

COMPETING INTERESTS

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

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 December 2013 are set out in note 31 to the consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

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

With effect from 21 January 2014, Mr. Lai Wai Ho, Samson resigned as the executive Director, the member of the Compliance Committee and the chief technology officer of the Company. Details of the resignation are set out in the Company's announcement dated 21 January 2014.

With effect from 29 January 2014, Mr. Lawrence Tang was appointed as an executive Director and a member of the Compliance Committee. Details of the appointment are set out in the Company's announcement dated 29 January 2014.

On 18 March 2014, the Board proposed that every one (1) issued and unissued ordinary share of HK$0.01 each in the share capital of the Company (the "Share(s)") be subdivided into ten (10) subdivided shares (the "Subdivided Shares") of HK$0.001 each (the "Share Subdivision"). The Share Subdivision is conditional upon, among other things, the approval of the Shareholders at the extraordinary general meeting of the Company (the "EGM"). The Board proposed that subject to and upon the Share Subdivision becoming effective, the board lot size will be changed from 2,500 Shares to 5,000 Subdivided Shares. A circular containing further details on the Share Subdivision together with a notice of EGM will be despatched to the Shareholders as soon as practicable. Details of the proposal are set out in the Company's announcement dated 18 March 2014.

REPORT OF THE DIRECTORS

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the related party transactions of the Company are set out in note 33 to the consolidated financial statements.

The Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules. There were no transactions required to be disclosed as non-exempt connected transactions or non-exempt continuing connected transactions in accordance with the GEM Listing Rules during the year.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions in the CG Code as set out in Appendix 15 to the GEM Listing Rules from during the Period, except for the deviation as disclosed under the section headed "Chairman and Chief Executive Officer" on page 17 of this annual report. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 15 to 22 of this annual report.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Ample Capital Limited, as at 31 December 2013, except for (i) Ample Capital Limited's participation as the sponsor and its affiliated company, Ample Orient Capital Limited as one of the co-lead managers in relation to the Listing; and (ii) the compliance adviser agreement entered into between the Company and Ample Capital Limited dated 17 September 2013, neither Ample Capital Limited nor its directors, employees or associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, the Company has maintained the public float required by the GEM Listing Rules during the Period.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last three financial years is set out in the section headed "Financial Summary" on page 84 of this annual report.

AUDITORS

There was no change in auditors of the Company since the date of its incorporation. HLB Hodgson Impey Cheng Limited, the auditors of the Company for the year ended 31 December 2013, shall retire in the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company will be proposed at the forthcoming annual general meeting.

By order of the Board
Chan Sek Keung, Ringo
Chairman

Hong Kong, 18 March 2014

INDEPENDENT AUDITORS' REPORT

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF FINSOFT CORPORATION
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Finsoft Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 83, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Jonathan T. S. Lai
Practising Certificate Number: P04165

Hong Kong, 18 March 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	2013 HK$	2012 HK$
Revenue	7	**33,155,156**	33,626,811
Cost of sales		**(9,243,624)**	(11,000,898)
Gross profit		**23,911,532**	22,625,913
Investment and other income	9	**66,245**	482,908
Other gains and losses	10	**167,493**	172,540
Administrative expenses		**(14,634,007)**	(9,364,355)
Share of losses of an associate	21	**(1,443)**	–
Listing expenses		**(8,063,496)**	(789,000)
Profit before tax		**1,446,324**	13,128,006
Income tax expense	11	**(2,017,820)**	(1,908,778)
(Loss)/profit for the year	12	**(571,496)**	11,219,228
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Net fair value gain on available-for-sale financial assets		**–**	77,597
Reclassification adjustments relating to available-for-sale financial assets disposed of during the year		**–**	(69,817)
Other comprehensive income for the year, net of income tax		**–**	7,780
Total comprehensive (expense)/income for the year		**(571,496)**	11,227,008
(Loss)/profit for the year attributable to:			
Owners of the Company		**(570,290)**	11,218,828
Non-controlling interests		**(1,206)**	400
		(571,496)	11,219,228
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		**(570,290)**	11,226,608
Non-controlling interests		**(1,206)**	400
		(571,496)	11,227,008
(Loss)/earnings per share			
– Basic and diluted (HK cents per share)	16	**(0.35)**	7.48

The accompanying notes form an integral part of these consolidated financial statements. Details of dividends are disclosed in Note 15 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 HK$	2012 HK$
Non-current assets			
Property, plant and equipment	18	786,803	391,313
Goodwill	19	917,976	–
Intangible assets	20	2,918,086	1,141,905
Investment in an associate	21	1,557	–
Available-for-sale investments	22	–	–
		4,624,422	1,533,218
Current assets			
Trade and other receivables	23	8,693,549	5,163,551
Current tax assets		647,177	–
Cash and bank balances	24	48,190,199	19,519,257
		57,530,925	24,682,808
Current liabilities			
Other payables	25	12,655,951	13,277,016
Current tax liabilities		–	28,286
		12,655,951	13,305,302
Net current assets		44,874,974	11,377,506
Total assets less current liabilities		49,499,396	12,910,724
Non-current liabilities			
Deferred tax liabilities	26	551,824	–
Net assets		48,947,572	12,910,724
Capital and reserves			
Share capital	27	2,000,000	77,894
Reserves	29	46,947,572	12,830,463
Equity attributable to owners of the Company		48,947,572	12,908,357
Non-controlling interests		–	2,367
Total equity		48,947,572	12,910,724

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 18 March 2014 and signed on its behalf by:

Li Hoi Kong
Director

Lawrence Tang
Director

The accompanying notes form an integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 HK$	2012 HK$
Non-current assets			
Investments in subsidiaries	34	**20,939,001**	–
Current assets			
Prepayments		**297,018**	1,739,274
Amounts due from subsidiaries	34	**39,247,160**	–
Cash and bank balances		**10,567**	–
		39,554,745	1,739,274
Current liabilities			
Other payables		**36,215**	–
Amounts due to subsidiaries	34	**12,977,127**	2,528,274
		13,013,342	2,528,274
Net current assets/(liabilities)		**26,541,403**	(789,000)
Net assets/(liabilities)		**47,480,404**	(789,000)
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	27	**2,000,000**	–
Reserves	29	**45,480,404**	(789,000)
Total equity		**47,480,404**	(789,000)

Li Hoi Kong
Director

Lawrence Tang
Director

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Attributable to owners of the Company							
	Share capital HK$ (Note 27)	Share premium HK$ (Note 29(a))	Merger reserve HK$ (Note 29(b))	Investments revaluation reserve HK$ (Note 29(c))	Retained profits HK$	Subtotal HK$	Attributable to non-controlling interests HK$	Total HK$
Balance at 1 January 2012	78	–	–	(7,780)	5,211,635	5,203,933	1,967	5,205,900
Profit for the year	–	–	–	–	11,218,828	11,218,828	400	11,219,228
Other comprehensive income for the year	–	–	–	7,780	–	7,780	–	7,780
Total comprehensive income for the year	–	–	–	7,780	11,218,828	11,226,608	400	11,227,008
Issue of shares of subsidiaries	77,816	–	–	–	–	77,816	–	77,816
Dividends recognised as distribution (Note 15)	–	–	–	–	(3,600,000)	(3,600,000)	–	(3,600,000)
Balance at 31 December 2012	77,894	–	–	–	12,830,463	12,908,357	2,367	12,910,724
Loss for the year	**–**	**–**	**–**	**–**	**(570,290)**	**(570,290)**	**(1,206)**	**(571,496)**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(570,290)**	**(570,290)**	**(1,206)**	**(571,496)**
Deregistration of a subsidiary (Note)	**–**	**–**	**–**	**–**	**–**	**–**	**(1,161)**	**(1,161)**
Reorganisation (Note 27)	**(77,794)**	**–**	**77,794**	**–**	**–**	**–**	**–**	**–**
Capitalisation issue (Note 27)	**1,499,900**	**(1,499,900)**	**–**	**–**	**–**	**–**	**–**	**–**
Issue of shares by placing (Note 27)	**500,000**	**40,500,000**	**–**	**–**	**–**	**41,000,000**	**–**	**41,000,000**
Transaction costs attributable to issue of shares	**–**	**(4,390,495)**	**–**	**–**	**–**	**(4,390,495)**	**–**	**(4,390,495)**
Balance at 31 December 2013	**2,000,000**	**34,609,605**	**77,794**	**–**	**12,260,173**	**48,947,572**	**–**	**48,947,572**

Note:

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

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	2013 HK$	2012 HK$
Cash flows from operating activities		
Profit before tax	1,446,324	13,128,006
Adjustments for:		
– Depreciation of property, plant and equipment	292,826	376,869
– Interest income	(18,942)	(161,439)
– Impairment losses on trade receivables	–	283,275
– Reversal of impairment losses on trade receivables	(167,775)	(255,270)
– Loss on disposal of property, plant and equipment	–	30,250
– Impairment loss on available-for-sale investments	–	45,665
– Gain arising on change in fair value of financial assets classified as held-for-trading	–	(175,080)
– Gain on sale of available-for-sale investments	–	(69,817)
– Share of losses of an associate	1,443	–
Operating cash flows before movements in working capital	1,553,876	13,202,459
Decrease in held-for-trading investments	–	753,280
(Increase)/decrease in trade and other receivables	(3,310,865)	450,923
Decrease in amount due from a related company	–	1,149,460
Decrease in other payables	(627,893)	(2,549,620)
Decrease in amount due to an associate	(3,000)	–
Decrease in amount due to a related company	–	(317)
Cash (used in)/generated from operations	(2,387,882)	13,006,185
Hong Kong profits tax paid	(2,141,459)	(2,486,952)
Net cash (used in)/generated by operating activities	(4,529,341)	10,519,233
Cash flows from investing activities		
Interest received	18,942	613,576
Repayment of loan from a related company	–	5,000,000
Purchase of property, plant and equipment	(654,419)	(187,070)
Proceeds from disposal of available-for-sale investments	–	1,629,817
Expenditures on systems development	(1,776,181)	(1,141,905)
Net cash outflows on acquisition of subsidiaries	(997,564)	–
Net cash (used in)/generated by investing activities	(3,409,222)	5,914,418
Cash flows from financing activities		
Dividends paid	–	(3,600,000)
Proceeds from issue of shares	41,000,000	77,816
Payment for transaction costs attributable to issue of new shares	(4,390,495)	–
Net cash generated by/(used in) financing activities	36,609,505	(3,522,184)
Net increase in cash and cash equivalents	28,670,942	12,911,467
Cash and cash equivalents at the beginning of year	19,519,257	6,607,790
Cash and cash equivalents at the end of year	48,190,199	19,519,257
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	48,190,199	19,519,257

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Finsoft Corporation (the "Company") was incorporated in the Cayman Islands on 18 December 2012 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares have been listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 26 September 2013. Its immediate holding company is Luster Wealth Limited, a company incorporated in the British Virgin Islands (the "BVI") and its ultimate holding company is Woodstock Management Limited, a company incorporated in the BVI and wholly-owned by Mr. Chan Sek Keung, Ringo ("Mr. Chan"), the controlling shareholder of the Company.

The address of the Company's registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of the Company's principal place of business in Hong Kong is 23/F, W Square, 318 Hennessy Road, Wanchai, Hong Kong. The Company is an investment holding company. The Company and its subsidiaries (collectively referred as to the "Group") are principally engaged in the development, sale and provision of financial trading software solutions with the principal products being trading and settlement systems of financial products for financial institutions and provision of referral services to source, identify and refer prospective deal opportunities to interested parties.

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

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

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

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

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

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

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

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

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

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

New and revised HKFRSs in issue but not yet effective

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

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

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted
2 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted
3 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
4 No mandatory effective date yet determined but is available for adoption

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and revised HKFRSs in issue but not yet effective (continued)

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

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

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

HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules") and by the Hong Kong Companies Ordinance.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company (i) has power over the investee; (ii) is exposed, or has rights, to variable returns from its involvement with the investee; and (iii) has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equities, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Merger accounting for common control combinations

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The comparative amounts in the consolidated statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates (continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and service provided in the normal course of business, net of discounts.

Revenue from sales of hardware is recognised upon satisfactory delivery and when title has passed to the customers.

Revenue from sales of customised software systems is recognised on the percentage of completion method, measured by reference to the proportion of service completed to date to the estimated total services of the relevant contract.

Revenue from provision of system customisation and network support services are recognised on completion of the customisation and network support work which generally coincides with the time when the customised software and network support work is accepted by the customers.

Revenue from provision of software maintenance services, licensing and hosting fees are recognised on a straight-line basis over the period of respective agreements.

Revenue from referral service is recognised when the service is rendered.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associate that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Share-based payment arrangements

Share-based payment transactions of the Company

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received in an equity-settled share-based payment transaction is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instruments, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at FVTPL (continued)

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from financial assets at FVTPL is included in the "other gains and losses" line item in the consolidated statement of comprehensive income.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on AFS equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables and cash and bank balances) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including other payables) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition (continued)

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

  (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

  (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

  (iii) Both entities are joint ventures of the same third party.

  (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

  (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

  (vi) The entity is controlled or jointly controlled by a person identified in (a).

  (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Research and development costs

Careful judgement by the Group's management is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the best information available at the end of the reporting period. In addition, all internal activities related to the research and development of new software systems are continuously monitored by the Group's management.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowance for doubtful debts

The policy for impairment loss on trade receivables of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional provision for impairment may be required.

Impairment of capitalised systems development costs

Determining whether capitalised systems development costs are impaired requires an estimation of the recoverable amount determined by the value in use of the capitalised systems development costs. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the capitalised systems development costs and a suitable discount rate in order to calculate the present value. The Group carries out an impairment review assessment on the capitalised systems development costs at the end of each reporting period and no impairment charge was recognised during the years ended 31 December 2013 and 2012.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value.

The carrying amount of goodwill at 31 December 2013 was HK$917,976 and no impairment was recognised during the year ended 31 December 2013.

5. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2012.

The capital structure of the Group consists of net debt (which include borrowings net of cash and cash equivalents) and equity attributable to owners of the Company (comprising issued share capital, reserves and retained profits).

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group seeks to balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

The net debt-to-equity ratio at the end of the reporting period was as follows:

	2013 **HK$**	2012 HK$
Debts	**–**	–
Cash and cash equivalents	**(48,190,199)**	(19,519,257)
Net debt	**(48,190,199)**	(19,519,257)
Equity	**48,947,572**	12,908,357
Net debt-to-equity ratio	**N/A**	N/A

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	2013 **HK$**	2012 HK$
Financial assets		
Loans and receivables (including cash and cash equivalents)	**56,027,241**	22,763,100
Financial liabilities		
Financial liabilities at amortised cost	**7,733,053**	9,016,740

The Company

	2013 **HK$**	2012 HK$
Financial assets		
Loans and receivables (including cash and cash equivalents)	**39,257,727**	–
Financial liabilities		
Financial liabilities at amortised cost	**13,013,342**	2,528,274

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, cash and bank balances and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Foreign currency risk management

Substantially all the revenue-generating operations of the Group were transacted in Hong Kong dollars, which is the functional currency and the presentation currency of the Group. The Group therefore does not have significant foreign currency risk.

Interest rate risk management

As the Group has no significant interest-bearing assets and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group currently does not have a policy on hedges of interest rate risk. However, the management monitors interest-rate exposure and will consider the hedging significant interest-rate exposures should the need arise.

Equity price risk management

As the Group has no significant investments in financial assets at fair value through profit or loss, or available-for-sale financial assets, the Group is not exposed to significant equity price risk.

Credit risk management

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

The Group has no significant concentration of credit risk on trade receivables, with exposure spread over a number of customers.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation or high credit ratings assigned by international credit-rating agencies. Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Liquidity tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	On demand or within one year	Over one year	Total undiscounted cash flows	Total carrying amount
	HK$	HK$	HK$	HK$
Non-derivative financial liabilities				
At 31 December 2013				
Other payables	**7,733,053**	**–**	**7,733,053**	**7,733,053**
At 31 December 2012				
Other payables	9,016,740	–	9,016,740	9,016,740

(c) Fair value measurements of financial instruments

The fair values of financial assets and financial liabilities are determined as follows.

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid prices respectively; and

- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Fair value measurements recognised in the consolidated statement of financial position

During the years ended 31 December 2013 and 2012, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

At 31 December 2013 and 2012, the Group did not have any assets and liabilities that were measured at the fair value measurements hierarchy.

7. REVENUE

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

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

See Note 8 for an analysis of revenue by major products and services.

8. SEGMENT INFORMATION

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

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

(a) Financial trading software solutions – development, sale and provision of financial trading software solutions with the principal products being trading and settlement systems of financial products for financial institutions; and

(b) Referral business – provision of referral services to source, identify and refer prospective deal opportunities to interested parties.

8. SEGMENT INFORMATION (continued)

Segment revenue and results

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

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

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

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without allocation of interest income from bank deposits and available-for-sale investments, other gains and losses from the Group's financial instruments, share of losses of an associate, listing expenses and central administration costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

8. SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

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

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

- all liabilities are allocated to operating segments other than current and deferred tax liabilities and other corporate and unallocated liabilities.

8. SEGMENT INFORMATION (continued)

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

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

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

Revenue by major products and services

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

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

8. SEGMENT INFORMATION (continued)

Geographical information

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

Information about major customers

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

	2013 HK$	2012 HK$
Customer A	3,593,673	4,452,275

9. INVESTMENT AND OTHER INCOME

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

10. OTHER GAINS AND LOSSES

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

11. INCOME TAX EXPENSE

	2013 HK$	2012 HK$
Current tax:		
– Hong Kong Profits Tax	1,484,598	2,140,377
– Over provision in prior years	(18,602)	(231,599)
	1,465,996	1,908,778
Deferred tax (Note 26)	551,824	–
Total income tax recognised in profit or loss	2,017,820	1,908,778

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

11. INCOME TAX EXPENSE (continued)

The tax charge for the year can be reconciled to profit before tax per the consolidated statement of comprehensive income as follows:

	2013 HK$	2012 HK$
Profit before tax	**1,446,324**	13,128,006
Tax at Hong Kong Profits Tax rate of 16.5% (2012: 16.5%)	**238,643**	2,166,121
Tax effect of expenses not deductible for tax purpose	**1,634,395**	144,141
Tax effect of income not taxable for tax purpose	**(434)**	(30,093)
Tax effect of deductible temporary differences not recognised	**187,529**	(162,146)
Tax effect of tax losses not recognised	**767**	22,354
Others	**(24,478)**	–
Over provision in prior years	**(18,602)**	(231,599)
Income tax expense for the year	**2,017,820**	1,908,778

12. (LOSS)/PROFIT FOR THE YEAR

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

Note:

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

13. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the directors of the Company were as follows:

	Fees HK$	Salaries and other benefits HK$	Discretionary bonus HK$	Contributions to retirement benefits scheme HK$	Total HK$
Year ended 31 December 2013					
Executive directors					
Mr. Li Hoi Kong	–	1,105,651	–	15,000	1,120,651
Mr. Lai Wai Ho, Samson (resigned on 21 January 2014)	–	1,013,715	–	15,000	1,028,715
Non-executive director					
Mr. Chan	264,000	–	–	–	264,000
Independent non-executive directors					
Ms. Lee Kwun Ling, May Jean	15,833	–	–	–	15,833
Mr. Tai Man Hin, Tony	15,833	–	–	–	15,833
Mr. Yuen Shiu Wai	15,833	–	–	–	15,833
	311,499	2,119,366	–	30,000	2,460,865
Year ended 31 December 2012					
Executive directors					
Mr. Li Hoi Kong	–	1,064,197	320,000	13,750	1,397,947
Mr. Lai Wai Ho, Samson (resigned on 21 January 2014)	–	1,039,253	320,000	13,750	1,373,003
Non-executive director					
Mr. Chan	264,000	–	190,000	–	454,000
Independent non-executive directors					
Ms. Lee Kwun Ling, May Jean	–	–	–	–	–
Mr. Tai Man Hin, Tony	–	–	–	–	–
Mr. Yuen Shiu Wai	–	–	–	–	–
	264,000	2,103,450	830,000	27,500	3,224,950

During the years ended 31 December 2013 and 2012, no chief executive officer of the Company has been appointed and accordingly no emolument was paid to the chief executive officer of the Company.

None of the directors of the Company has waived any emoluments in the year ended 31 December 2013 (2012: Nil).

14. EMPLOYEES' EMOLUMENTS

The five individuals with the highest emoluments in the Group were as follows:

	2013 Number of individuals	2012 Number of individuals
Directors	**2**	2
Non-director individuals	**3**	3
Five highest paid individuals	**5**	5

Details of emoluments paid to the two (2012: two) highest paid individuals who were directors of the Company during the year have been included in Note 13. Details of emoluments paid to the remaining three (2012: three) non-director individuals were as follows:

	2013 HK$	2012 HK$
Salaries and other benefits	**1,779,440**	1,803,408
Discretionary bonus	**–**	428,340
Contributions to retirement benefits scheme	**45,000**	41,250
	1,824,440	2,272,998

The emoluments of each of the above highest paid non-director individuals were below HK$1,000,000.

During the year ended 31 December 2013, no emoluments were paid by the Group to any of the Company's directors or the five highest paid individuals of the Group (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office (2012: Nil).

15. DIVIDENDS

	2013 HK$	2012 HK$
Dividends recognised as distributions attributable to owners of the Company	**–**	3,600,000

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

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

16. (LOSS)/EARNINGS PER SHARE

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

For the year ended 31 December 2013, the calculation of the basic loss per share attributable to owners of the Company was based on (i) the loss attributable to owners of the Company and (ii) the weighted average number of ordinary shares (adjusted retrospectively for 10,000 shares in issue and 149,990,000 shares issued under the capitalisation issue), and the effects of 50,000,000 shares issued under placing as described in Note 27.

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

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

17. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

18. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment and software HK$	Furniture and fixtures HK$	Leasehold improvements HK$	Total HK$
Cost				
Balance at 1 January 2012	13,187,545	207,317	610,010	14,004,872
Additions	162,470	24,600	–	187,070
Disposals	(5,120)	(49,500)	–	(54,620)
Balance at 31 December 2012	13,344,895	182,417	610,010	14,137,322
Additions	651,142	3,277	–	654,419
Acquisition of subsidiaries	33,897	–	–	33,897
Balance at 31 December 2013	**14,029,934**	**185,694**	**610,010**	**14,825,638**
Accumulated depreciation and impairment				
Balance at 1 January 2012	12,660,212	157,178	576,120	13,393,510
Depreciation expense	318,990	23,989	33,890	376,869
Eliminated on disposals of assets	(5,120)	(19,250)	–	(24,370)
Balance at 31 December 2012	12,974,082	161,917	610,010	13,746,009
Depreciation expense	284,571	8,255	–	292,826
Balance at 31 December 2013	**13,258,653**	**170,172**	**610,010**	**14,038,835**
Carrying amounts				
Balance at 31 December 2013	**771,281**	**15,522**	**–**	**786,803**
Balance at 31 December 2012	370,813	20,500	–	391,313

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Computer equipment and software:	20% to 50%
Furniture and fixtures:	$33^1/_3$%
Leasehold improvements:	$33^1/_3$%

19. GOODWILL

	HK$
Cost	
Balance at 1 January 2012 and 31 December 2012	–
Acquisition of subsidiaries (Note 30)	917,976
Balance at 31 December 2013	917,976

Impairment testing on goodwill

Goodwill acquired through business combinations has been allocated to the CGU of referral business for impairment test.

The recoverable amount of the referral business CGU is determined based on a value in use calculation which uses cash flow projection based on financial forecasts approved by the directors covering a five-year period, and a discount rate of 9% per annum. The discount rate used reflects the risks specific to the CGU. The cash flows beyond that five-year period are extrapolated using a steady 5% growth rate which is based on the management's expectation of growth in revenue. In the opinion of the directors, any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of this CGU exceed its recoverable amount.

The directors are of the view that based on its assessment, there was no impairment of goodwill as of 31 December 2013 in respect of this CGU.

20. INTANGIBLE ASSETS

	Systems development costs HK$
Cost	
Balance at 1 January 2012	–
Additions from internal developments	1,141,905
Balance at 31 December 2012	1,141,905
Additions from internal developments	1,776,181
Balance at 31 December 2013	2,918,086

Intangible assets of internally generated development costs represented all direct costs incurred in the development of new software systems.

No amortisation was recognised during the years ended 31 December 2013 and 2012. When the new software systems are available for use, the software systems will be amortised on the straight-line basis over their estimated useful lives of 4 years.

At 31 December 2013 and 2012, management considers there was no impairment on systems development costs since the recoverable amounts exceeds its carrying amounts.

21. INVESTMENT IN AN ASSOCIATE

	2013 HK$	2012 HK$
Cost of investment in an associate – unlisted (Note 30)	**3,000**	–
Share of post-acquisition loss and other comprehensive expense, net of dividends received	**(1,443)**	–
	1,557	–

Details of the Group's associate at the end of the reporting period are as follows:

Name of entity	Place of incorporation/ operation	Particulars of issued and fully paid up share capital	Proportion ownership interest held by the Group	Principal activities
JunBridge Company Limited	Hong Kong	10,000 ordinary shares of HK$1 each	30% (indirect)	Inactive

Summarised financial information in respect of the Group's associate is set out below:

	2013 HK$	2012 HK$
The Group's share of loss	**(1,443)**	–
The Group's share of other comprehensive income	**–**	–
The Group's share of total comprehensive expense	**(1,443)**	–

22. AVAILABLE-FOR-SALE INVESTMENTS

	2013 HK$	2012 HK$
Beginning of the year	**–**	1,552,220
Reclassification from held-for-trading	**–**	45,665
Disposals	**–**	(1,560,000)
Impairment loss	**–**	(45,665)
Net gains transfer to equity	**–**	77,597
Net gains transfer from equity	**–**	(69,817)
End of the year	**–**	–

During the year ended 31 December 2012, the Group reclassified profits of HK$69,817 from equity into profit or loss and an impairment loss of HK$45,665 were recognised into profit or loss.

During the year ended 31 December 2012, the Group reclassified financial assets out of held-for-trading category into the available-for-sale category as the equity investment had been delisted from the Singapore Exchange Limited. At 31 December 2012, such investment had been fully impaired.

23. TRADE AND OTHER RECEIVABLES

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

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

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

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

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

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

23. TRADE AND OTHER RECEIVABLES (continued)

Age of receivables that are past due but not impaired

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

Movement in the allowance for doubtful debts

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

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

Age of impaired trade receivables

	2013 HK$	2012 HK$
Overdue by:		
91–120 days	–	159,000
Over 120 days	–	124,275
Total	–	283,275

24. CASH AND BANK BALANCES

Cash and bank balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less which carry interest at market rates ranging from 0.01% to 0.70% (2012: 0.01% to 0.77%) per annum.

25. OTHER PAYABLES

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

26. DEFERRED TAXATION

The following are the major deferred tax liabilities recognised and movements thereon during the current year:

	Intangible assets HK$	Accelerated tax depreciation HK$	Total HK$
At 1 January 2012 and 31 December 2012	–	–	–
Charged to profit or loss	481,484	70,340	551,824
At 31 December 2013	**481,484**	**70,340**	**551,824**

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK$140,000 (2012: approximately HK$135,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

27. SHARE CAPITAL

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

Notes:

(i) For the purpose of the preparation of the consolidated financial statements, the balance of share capital at 31 December 2012 represents the aggregate of the paid up share capital of the subsidiaries comprising the Group held by Mr. Chan, the controlling shareholder, prior to the Reorganisation.

(ii) The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 18 December 2012 with an initial authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. One nil paid share was allotted and issued to the subscriber on 18 December 2012, which was subsequently transferred to Luster Wealth Limited on the same date.

(iii) Pursuant to the Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of Infinite Capital Ventures Limited from Luster Wealth Limited and Efficient Channel Limited on 28 August 2013, (a) the one nil paid share held by Luster Wealth Limited was credited as fully paid; and (b) 9,249 and 750 shares were allotted and issued to Luster Wealth Limited and Efficient Channel Limited, respectively, and were credited as fully paid.

(iv) Pursuant to the written resolution of the shareholders passed on 10 September 2013, the authorised share capital of the Company was increased from HK$380,000 to HK$10,000,000 by the creation of an additional of 962,000,000 shares of HK$0.01 each, each ranking pari passu with the shares then in issue in all respects.

(v) Pursuant to the written resolutions of the shareholders passed on 10 September 2013, the directors were authorised to capitalise the amount of HK$1,499,900 standing to the credit of the share premium account of the Company and to appropriate such amount as to capital to pay up in full at par 149,990,000 shares for allotment and issue to the then existing shareholders of the Company, each ranking pari passu in all respects with the then existing issued shares. On 26 September 2013, the Company allotted and issued such shares as aforesaid and gave effect to the capitalisation issue.

(vi) On 26 September 2013, the Company issued 50,000,000 shares pursuant to the Company's listing on the GEM of the Stock Exchange by way of placing at a price of HK$0.82 per share.

28. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 10 September 2013 as to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Scheme.

Under the Scheme, the directors of the Company may at their absolute discretion and subject to the terms of the Scheme, grant options to any employees (full-time or part-time), directors, consultants or advisor of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, to subscribe for shares of the Company. The eligibility of any participants to the grant of any options shall be determined by the directors from time to time on the basis of the directors' opinion as to their contribution to the development and growth of the Group.

Under the Scheme, the maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the shares in issue upon the date of which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by approval of the Company's shareholders provided that the total number of Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit. Subject to the approval of the Company's shareholders, the aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Scheme or any other share options schemes of the Company if this will result in the limit being exceeded.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) under the Scheme in any 12-month period up to date of grant must not exceed 1% of the issued share capital of the Company for the time being. Where any further grant of options to a participant under the Scheme would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such participant and his associates abstaining from voting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approval by the independent non-executive directors of the Company (excluding independent non-executive director who is the grantee). Where any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates would result in the total number of shares issued and to be issued upon exercise of all options already granted (including options exercised, cancelled and outstanding) under the Scheme and any other share option schemes of the Company to such person in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares of the Company in issue and having an aggregate value in excess of HK$5 million must be approved in advance by the Company's shareholders.

The offer of a grant of share options might be accepted in writing within 7 days from the date of the offer. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the directors may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. A nominal consideration of HK$1 is payable on acceptance of the grant of an option with a remittance in favour of the Company within such time as may be specified in the offer (which shall not be later than 7 days from the date of the offer).

28. SHARE OPTION SCHEME (continued)

The subscription price shall be a price solely determined by the directors of the Company and notified to a participant and shall be at least the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of the Company's share on the date of grant of the option.

The Scheme shall be valid and effective for a period of ten years commencing on 10 September 2013, subject to early termination provisions contained in the Scheme.

No share options were granted since the adoption of the Scheme and there were no share option outstanding as at 31 December 2013.

29. RESERVES

The Group

(a) Share premium

Share premium arose from the issue of shares at a price greater than the par value of the shares and can be utilised for future bonus issue.

(b) Merger reserve

Merger reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the Reorganisation.

(c) Investments revaluation reserve

The investments revaluation reserve represents cumulative gains and losses arising on the revaluation of available-for-sale investments that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those investments are disposed of or are determined to be impaired.

The Company

	Share premium HK$	Special reserve HK$	Accumulated losses HK$	Total HK$
On 18 December 2012 (date of incorporation)	–	–	–	–
Loss for the period and total comprehensive expense for the period	–	–	(789,000)	(789,000)
Balance at 31 December 2012	–	–	(789,000)	(789,000)
Loss for the year and total comprehensive expense for the year	–	–	(9,278,322)	(9,278,322)
Reorganisation (Note 27)	–	20,938,121	–	20,938,121
Capitalisation issue (Note 27)	(1,499,900)	–	–	(1,499,900)
Issue of shares by placing (Note 27)	40,500,000	–	–	40,500,000
Transaction costs attributable to issue of shares	(4,390,495)	–	–	(4,390,495)
Balance at 31 December 2013	**34,609,605**	**20,938,121**	**(10,067,322)**	**45,480,404**

Special reserve

Special reserve represents the difference between the fair value of the shares of Infinite Capital Ventures Limited acquired pursuant to the Reorganisation on 28 August 2013 over the nominal value of the Company's shares issued in exchange therefore.

30. ACQUISITION OF SUBSIDIARIES

Year ended 31 December 2013

On 7 November 2013, the Group acquired the entire equity interest of One Rich Investments Limited and its subsidiary, ChinaQFii Company Limited (collectively referred to as the "One Rich Group") at a cash consideration of HK$1,500,000.

Consideration transferred

	HK$
Cash paid	1,500,000

Acquisition-related costs amounting to HK$28,100 have been excluded from the consideration transferred and have been recognised as an expense in the period, within the administrative expenses in the consolidated statement of comprehensive income for the year ended 31 December 2013.

Assets acquired and liabilities recognised at the date of acquisition

	HK$
Non-current assets	
Property, plant and equipment	33,897
Investment in an associate	3,000
Current assets	
Prepayments and deposits	51,358
Cash and bank balances	502,436
Current liabilities	
Accruals	(5,667)
Amount due to an associate	(3,000)
	582,024

The fair value of receivables acquired, which principally comprised deposits approximated the gross contractual amounts. There were no contractual cash flows not expected to be collected.

30. ACQUISITION OF SUBSIDIARIES (continued)

Year ended 31 December 2013 (continued)

Goodwill arising on acquisition

	HK$
Consideration transferred	1,500,000
Less: Fair value of identified net assets acquired	(582,024)
Goodwill arising on acquisition	917,976

Goodwill arose in the acquisition of One Rich Group was attributable to the anticipated profitability and future development of the One Rich Group in referral business and the anticipated future operating synergy from the business combination.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash outflow on acquisition of subsidiaries

	HK$
Consideration paid in cash	1,500,000
Less: Cash and cash equivalent balances acquired	(502,436)
	997,564

Impact of acquisition on the results of the Group

One Rich Group contributed nil revenue and net loss of HK$243,252 to the Group for the year ended 31 December 2013. Had this business combination been effected at 1 January 2013, the revenue of the Group would have been approximately HK$33,155,000, and the loss for the year would have been approximately HK$1,269,000. The directors of the Group consider this "pro-forma" numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

31. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all its qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of trustees. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at specified rate and capped at HK$1,250 (HK$1,000 prior to 1 June 2012) per month per person. The only obligation of the Group with respect of the MPF Scheme is to make the required contributions under the MPF Scheme. No forfeited contribution is available to reduce the contributions payable in the future years.

The total contributions payable to the MPF Scheme by the Group amounted to HK$536,051 for the year ended 31 December 2013 (2012: HK$464,404). Amounts of HK$45,958 (2012: HK$30,357) were capitalised in development costs and the remaining HK$490,093 (2012: HK$434,047) were recognised in the consolidated statement of comprehensive income for the year ended 31 December 2013.

32. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented office premises which fall due as follows:

	2013 HK$	2012 HK$
Within one year	224,360	1,833,480
In the second to fifth years inclusive	55,200	169,160
	279,560	2,002,640

Operating lease payments represent rentals payable for the Group's office premises. Leases are negotiated for a term of 1 to 3 years and rentals are fixed throughout the lease period.

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following significant related party transactions during the current and prior years:

Nature of transaction

	2013 HK$	2012 HK$
Loan interest income from a related company – Fortune Grace Management Limited	–	47,260

Fortune Grace Management Limited is owned as to 70% by Mr. Chan. The loan interest was charged in accordance with the loan agreement.

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2013 HK$	2012 HK$
Salaries and short-term employee benefits	2,430,865	3,197,450
Post-employment benefits	30,000	27,500
	2,460,865	3,224,950

34. INVESTMENTS IN SUBSIDIARIES

The Company

	2013 HK$	2012 HK$
Unlisted shares, at cost	20,939,001	–

The amounts due from/to subsidiaries are unsecured, interest-free and repayable on demand.

34. INVESTMENTS IN SUBSIDIARIES (continued)

Details of the Group's subsidiaries at the end of the reporting period are set out below:

Name of subsidiary	Place of incorporation/ operations	Particulars of issued and fully paid up share capital	Proportion ownership interest held by the Company	Principal activities
Infinite Capital Ventures Limited	BVI	10,000 shares of US$1 each	100% (direct)	Investment holding
iAsia Online Systems Limited	BVI	10 shares of US$1 each	100% (indirect)	Development, sale and provision of financial trading software solutions
Winrange Investments Limited	BVI	100 shares of US$1 each	100% (direct)	Investment holding
Wealthy Link Technology Limited	Hong Kong	1 ordinary share of HK$1	100% (indirect)	Development of financial trading software solutions
Gracious Queen Limited	BVI	1 share of US$1	100% (indirect)	Provision of administrative support to the Group
Finsoft Finance Limited (formerly known as Fortune City Corporation Limited)	Hong Kong	100 ordinary shares of HK$1 each	100% (indirect)	Inactive
Windluck International Limited	BVI	100 shares of US$1 each	100% (indirect)	Investment holding
Dealmatch.com Limited	Hong Kong	100 ordinary shares of HK$1 each	100% (indirect)	Provision of referral services
One Rich Investments Limited	BVI	1 share of US$1	100% (indirect)	Investment holding
ChinaQFii Company Limited	Hong Kong	1 ordinary share of HK$1	100% (indirect)	Provision of referral services

35. EVENTS AFTER THE REPORTING PERIOD

The following significant events took place subsequent to the end of the reporting period:

(i) On 9 January 2014, the Group entered into the shareholders agreement with two independent third parties to jointly invest in Gavottes International Limited, a company incorporated in the BVI (the "JV Company"). On the same date, the JV Company entered into the sale and purchase agreement with the independent third parties pursuant to which the JV Company has agreed to acquire the entire issued share capital of Gransing Securities Co., Limited, a company incorporated in Hong Kong with limited liability at the consideration of HK$16,040,000, subject to dollar-to-dollar downward adjustments. The aggregate capital contribution by the Group to the JV Company is HK$4,861,530 and the Group will hold 30% of the issued share capital of the JV Company. Up to the date of approval of these consolidated financial statements, the above acquisition is not yet completed.

(ii) With effect from 21 January 2014, Mr. Lai Wai Ho, Samson resigned as the executive director of the Company, the member of the compliance committee of the Company and the chief technology officer of the Company.

(iii) With effect from 29 January 2014, Mr. Lawrence Tang was appointed as an executive director of the Company and a member of the compliance committee of the Company.

(iv) On 18 March 2014, the board of directors of the Company proposed that every one (1) issued and unissued ordinary share of HK$0.01 each in the share capital of the Company be subdivided into ten (10) subdivided shares of HK$0.001 each (the "Share Subdivision"). The Share Subdivision is conditional upon, among other things, the approval of the shareholders of the Company at the extraordinary general meeting of the Company.

FINANCIAL SUMMARY

RESULTS

	Year ended 31 December		
	2013	2012	2011
	HK$	HK$	HK$
Revenue	**33,155,156**	33,626,811	40,553,470
Cost of sales	**(9,243,624)**	(11,000,898)	(12,171,504)
Gross profit	**23,911,532**	22,625,913	28,381,966
Investment and other income	**66,245**	482,908	1,374,127
Other gains and losses	**167,493**	172,540	(1,246,810)
Administrative expenses	**(14,634,007)**	(9,364,355)	(17,263,049)
Share of losses of an associate	**(1,443)**	–	–
Listing expenses	**(8,063,496)**	(789,000)	–
Profit before tax	**1,446,324**	13,128,006	11,246,234
Income tax expense	**(2,017,820)**	(1,908,778)	(2,069,365)
(Loss)/profit for the year	**(571,496)**	11,219,228	9,176,869
(Loss)/profit for the year attributable to:			
Owners of the Company	**(570,290)**	11,218,828	9,177,096
Non-controlling interests	**(1,206)**	400	(227)

ASSETS AND LIABILITIES

	As at 31 December		
	2013	2012	2011
	HK$	HK$	HK$
Total assets	**62,155,347**	26,216,026	21,639,313
Total liabilities	**13,207,775**	13,305,302	16,433,413