首 華 金 融 控 股 有 限 公 司

FIRST CHINA FINANCIAL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 08123)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

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

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

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

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

This announcement, for which the directors of the Company (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

The Group recorded a turnover of approximately HK$72,155,000 for the year ended 31 December 2008.

Profit before impairment of goodwill for the year ended 31 December 2008 was approximately HK$9,508,000, and impairment of goodwill for the year was approximately HK$635,784,000.

Net loss attributable to shareholders for the year ended 31 December 2008 amounted to approximately HK$626,262,000.

Loss per share was 24.29 HK cents.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2008.

FINAL RESULTS

The board of Directors (the "Board") announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2008 together with the comparative audited figures for the corresponding period in 2007.

Consolidated Income Statement
For the year ended 31 December 2008

		The Group	
		2008	2007
	Note	***HK$***	*HK$*
			(As restated) *(Note 3.1)*
Revenue	4	**72,155,034**	44,050,196
Cost of sales and services		**(12,387,545)**	(1,364,000)
Other gains	6	**27,790**	5,289
Other income	7	**2,452,188**	1,337,098
Employee benefits expenses		**(12,935,423)**	(17,938,567)
Depreciation of property, plant and equipment		**(2,471,701)**	(1,247,774)
Amortization of intangible assets		**(34,582)**	(587,048)
Impairment of goodwill		**(635,784,473)**	—
Impairment of investments in associates		**—**	(10,430,519)
Impairment of available-for-sale financial assets		**—**	(322,850)
Impairment of amount due from an associate		**(571,570)**	—
Impairment of trade receivables		**(2,244,960)**	(2,193,375)
Other operating expenses		**(28,083,133)**	(33,874,344)
Share of profit/(loss) of associates		**12,699**	(752,189)
Loss before income tax		**(619,865,676)**	(23,318,083)
Income tax expense	8	**(6,410,352)**	(1,349,477)
Loss for the year		**(626,276,028)**	(24,667,560)
Attributable to:			
Equity holders of the Company		**(626,262,225)**	(24,655,055)
Minority interests		**(13,803)**	(12,505)
		(626,276,028)	(24,667,560)
Loss per share for loss attributable to the equity holders of the Company during the year			
— basic and diluted	9	**(24.29) HK cents**	(1.07) HK cents

Consolidated Balance Sheet

As at 31 December 2008

		The Group	
		2008	2007
	Note	***HK$***	*HK$*
Non-current assets			
Property, plant and equipment		**7,179,119**	4,572,256
Intangible assets		**28,100,002**	491,698,427
Statutory deposits and other assets		**3,790,518**	2,030,000
Investments in associates		**149,697**	136,998
Available-for-sale financial assets		**734,692**	1,252,060
		39,954,028	499,689,741
Current assets			
Held-for-trading investments		**34,620**	—
Trade receivables	11	**34,128,938**	37,293,670
Other receivables		**24,765,756**	27,619,027
Amount due from an associate		**—**	548,868
Bank balances and cash		**74,379,252**	108,683,840
		133,308,566	174,145,405
Total assets		**173,262,594**	673,835,146
Current liabilities			
Trade payables	12	**9,278,106**	16,779,658
Other payables and deferred income		**7,507,418**	25,626,170
Amount due to an associate		**74,813**	72,773
Current income tax liabilities		**631,447**	4,929,833
		17,491,784	47,408,434
Net current assets		**115,816,782**	126,736,971
Net assets		**155,770,810**	626,426,712
Capital and reserves			
Share capital		**29,341,232**	25,384,340
Share premium		**478,227,885**	187,589,377
Special reserve		**4,778,740**	4,778,740
Available-for-sale investments revaluation reserve		**353,426**	870,794
Translation reserve		**3,673,937**	932,601
Shares to be issued		**336,000,000**	504,000,000
Share options reserve		**43,381,827**	14,460,609
Share-based compensation reserve		**1,767,050**	4,240,920
Accumulated losses		**(741,824,980)**	(115,916,165)
Equity attributable to the Company's equity holders		**155,699,117**	626,341,216
Minority interests		**71,693**	85,496
Total equity		**155,770,810**	626,426,712

Consolidated Statement of Changes in Equity

For the year ended 31 December 2008

	Attributable to the equity holders of the Company											
	Share capital	Share premium	Special reserve	Available-for-sale investments revaluation reserve	Translation reserve	Shares to be issued	Share options reserve	Share-based compensation reserve	Accumulated losses	Total	Minority interests	Total equity
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Balance at 1 January 2007	20,500,340	99,621,355	4,778,740	621,240	170,639	—	—	—	(91,261,110)	34,431,204	5	34,431,209
Change in fair value of available-for-sale financial assets	—	—	—	253,343	—	—	—	—	—	253,343	—	253,343
Currency translation differences — Group	—	—	—	—	761,962	—	—	—	—	761,962	—	761,962
Total income and expense recognized directly in equity	—	—	—	253,343	761,962	—	—	—	—	1,015,305	—	1,015,305
Loss for the year	—	—	—	—	—	—	—	—	(24,655,055)	(24,655,055)	(12,505)	(24,667,560)
Total recognized income and expense for the year	—	—	—	253,343	761,962	—	—	—	(24,655,055)	(23,639,750)	(12,505)	(23,652,255)
Sub-total	20,500,340	99,621,355	4,778,740	874,583	932,601	—	—	—	(115,916,165)	10,791,454	(12,500)	10,778,954
Net gain transferred to profit or loss on disposal of available-for-sale financial assets	—	—	—	(3,789)	—	—	—	—	—	(3,789)	—	(3,789)
Acquisition of additional interests in a subsidiary	—	—	—	—	—	—	—	—	—	—	(4)	(4)
Capital contributions from minority interests	—	—	—	—	—	—	—	—	—	—	98,000	98,000
Share option scheme												
— value of employee services	—	—	—	—	—	—	—	5,725,242	—	5,725,242	—	5,725,242
— issue of shares under the share option scheme	84,000	1,831,200	—	—	—	—	—	—	—	1,915,200	—	1,915,200
— transfer upon exercise of employee share options	—	1,484,322	—	—	—	—	—	(1,484,322)	—	—	—	—
Fair values of Consideration Shares and Option to be issued in respect of acquisition of subsidiaries	—	—	—	—	—	504,000,000	14,460,609	—	—	518,460,609	—	518,460,609
Issue of shares by way of placements	4,500,000	88,100,000	—	—	—	—	—	—	—	92,600,000	—	92,600,000
Issue of shares upon exercise of options granted under a subscription agreement	300,000	480,000	—	—	—	—	—	—	—	780,000	—	780,000
Share issue costs	—	(3,927,500)	—	—	—	—	—	—	—	(3,927,500)	—	(3,927,500)
Balance at 31 December 2007	25,384,340	187,589,377	4,778,740	870,794	932,601	504,000,000	14,460,609	4,240,920	(115,916,165)	626,341,216	85,496	626,426,712
Balance at 31 December 2007 and 1 January 2008	25,384,340	187,589,377	4,778,740	870,794	932,601	504,000,000	14,460,609	4,240,920	(115,916,165)	626,341,216	85,496	626,426,712
Change in fair value of available-for-sale financial assets	—	—	—	(517,368)	—	—	—	—	—	(517,368)	—	(517,368)
Currency translation differences — Group	—	—	—	—	2,741,336	—	—	—	—	2,741,336	—	2,741,336
Total income and expense recognized directly in equity	—	—	—	(517,368)	2,741,336	—	—	—	—	2,223,968	—	2,223,968
Loss for the year	—	—	—	—	—	—	—	—	(626,262,225)	(626,262,225)	(13,803)	(626,276,028)
Total recognized income and expense for the year	—	—	—	(517,368)	2,741,336	—	—	—	(626,262,225)	(624,038,257)	(13,803)	(624,052,060)
Sub-total	25,384,340	187,589,377	4,778,740	353,426	3,673,937	504,000,000	14,460,609	4,240,920	(742,178,390)	2,302,959	71,693	2,374,652
Share option scheme												
— issue of shares under the share option scheme	120,000	2,616,000	—	—	—	—	—	—	—	2,736,000	—	2,736,000
— vested share options lapsed	—	—	—	—	—	—	—	(353,410)	353,410	—	—	—
— transfer upon exercise of employee share options	—	2,120,460	—	—	—	—	—	(2,120,460)	—	—	—	—
Issue of shares upon exercise of options granted under a subscription agreement	400,000	640,000	—	—	—	—	—	—	—	1,040,000	—	1,040,000
Issue of Consideration Shares	2,000,000	166,000,000	—	—	—	(168,000,000)	—	—	—	—	—	—
Issue of Bonus Shares	1,436,892	119,262,048	—	—	—	—	—	—	—	120,698,940	—	120,698,940
Fair values of Option in respect of acquisition of subsidiaries	—	—	—	—	—	—	28,921,218	—	—	28,921,218	—	28,921,218
Balance at 31 December 2008	29,341,232	478,227,885	4,778,740	353,426	3,673,937	336,000,000	43,381,827	1,767,050	(741,824,980)	155,699,117	71,693	155,770,810

Notes:

1. GENERAL INFORMATION

First China Financial Holdings Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the provision of financial services including the provision of a trading platform, brokerage and securities margin financing, wealth management, infrastructure broking services comprising trading, clearing and settlement, corporate finance services, provision of stock information and research as well as trading and principal investment.

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands. The Company's registered office is situated at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KYI-1111, Cayman Islands. The Company's principal place of business is situated at Suites 2802–4, 28th Floor, Tower 6, the Gateway, Harbour City, No. 9 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

The Company's shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These consolidated financial statements are presented in Hong Kong dollars (HK$) unless otherwise stated. These consolidated financial statements were approved and authorized for issue by the board of directors on 23 March 2009.

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

In the current year, the Group had applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK (IFRIC) — Int 11	HKFRS 2: Group and Treasury Share Transactions
HK (IFRIC) — Int 12	Service Concession Arrangements
HK (IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The application of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible Hedged Items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 8	Operating Segments[2]
HK (IFRIC) — Int 13	Customer Loyalty Programmes[4]
HK (IFRIC) — Int 15	Agreements for the Construction of Real Estate[2]
HK (IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation[5]
HK (IFRIC) — Int 17	Distributions of Non-cash Assets to Owners[3]
HK (IFRIC) — Int 18	Transfers of Assets from Customers[6]

1 Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

2 Effective for annual periods beginning on or after 1 January 2009

3 Effective for annual periods beginning on or after 1 July 2009

4 Effective for annual periods beginning on or after 1 July 2008

5 Effective for annual periods beginning on or after 1 October 2008

6 Effective for transfers of assets from customers received on or after 1 July 2009

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRSs. They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill

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

(b) Estimated impairment of trade and other receivables

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

Change in the presentation of revenue

In prior years, revenue included income from provision of stock information and research net of the reasonable charges incurred by 深圳富盟網絡技術有限公司 (transliterated as "Shenzhen Wealth Alliance Networking Company Limited") under the cooperation agreement dated 1 July 2007 and the sale proceeds from securities trading, while the related costs of securities trading were presented as cost of sales within cost of sales and services.

In the current year, the Group has revised the presentation of revenue in order to provide more relevant information in respect of the Group's operations and to conform with market practices.

The gross income from provision of stock information and research is presented without netting off the reasonable charges incurred by Wealth Alliance, and the sales proceeds from securities trading are offset against the costs of securities trading and are presented as net fair value (losses)/gains on securities trading in the consolidated income statement within revenue.

The effects of the change in the presentation of revenue have been accounted for retrospectively with comparative figures restated. The specific line items affected are as follows:

	2008	2007
	HK$	*HK$*
Increase in income from provision of stock information and research (included within revenue)	**11,728,428**	1,364,000
Decrease in trading and principal investment (included within revenue)	**(23,150,483)**	(69,583,627)
Decrease in cost of sales and services	**11,446,238**	68,218,713
(Increase)/decrease in net fair value (losses)/gains on securities trading (included within revenue)	**(24,183)**	914
Effect on loss for the year	**—**	—
Effect on basic and diluted loss per share attributable to ordinary equity holders of the Company	**—**	—

These changes do not have any impact on the results of the Group in respect of the current and prior years.

4. REVENUE

	2008	2007
	HK$	HK$
		(As restated)
		(Note 3.1)
Income from provision of a trading platform	**148,936**	170,286
Commission income from securities and futures brokerage, and infrastructure broking service fee	**2,760,698**	7,822,648
Interest income from clients	**554,190**	486,024
Income from provision of corporate finance services	**13,388**	657,816
Net fair value (losses)/gains on securities trading	**(24,183)**	914
Income from provision of wealth management services	**10,715,602**	23,438,336
Income from provision of stock information and research	**57,986,403**	11,474,172
	72,155,034	44,050,196

5. SEGMENT INFORMATION

(a) Primary reporting format — business segments

As at 31 December 2008, the Group is organized into 6 business segments:

(i) Provision of a trading platform;

(ii) Provision of brokerage and securities margin financing, and infrastructure broking services;

(iii) Provision of corporate finance services;

(iv) Trading and principal investment;

(v) Provision of wealth management services; and

(vi) Provision of stock information and research.

The segment results for the year ended 31 December 2008 are as follows:

	Provision of a trading platform HK$	Provision of brokerage and securities margin financing, and infrastructure broking services HK$	Provision of corporate finance services HK$	Trading and principal investment HK$	Provision of wealth management services HK$	Provision of stock information and research HK$	Total HK$
Segment revenue from external customers	148,936	3,314,888	13,388	(24,183)	10,715,602	57,986,403	72,155,034
Operating results	12,523	(5,937,681)	(756,587)	(1,081,564)	182,609	35,311,048	27,730,348
Impairment of goodwill	—	—	—	—	—	(635,784,473)	(635,784,473)
Segment results	12,523	(5,937,681)	(756,587)	(1,081,564)	182,609	(600,473,425)	(608,054,125)
Net unallocated expenses							(12,782,454)
Interest expenses							(9,733)
Interest income							967,937
Share of profit of associates							12,699
Loss before income tax							(619,865,676)
Income tax expense							(6,410,352)
Loss for the year							(626,276,028)

The segment results for the year ended 31 December 2007 are as follows:

	Provision of a trading platform HK$	Provision of brokerage and securities margin financing, and infrastructure broking services HK$	Provision of corporate finance services HK$	Trading and principal investment HK$ (As restated) *(Note 3.1)*	Provision of wealth management services HK$	Provision of stock information and research HK$ (As restated) *(Note 3.1)*	Total HK$ (As restated) *(Note 3.1)*
Segment revenue from external customers	170,286	8,308,672	657,816	914	23,438,336	11,474,172	44,050,196
Operating results and segment results	16,976	(1,073,886)	(6,444,632)	(10,492,822)	949,901	8,993,192	(8,051,271)
Net unallocated expenses							(14,851,342)
Interest expenses							(166,900)
Interest income							503,619
Share of loss of associates							(752,189)
Loss before income tax							(23,318,083)
Income tax expense							(1,349,477)
Loss for the year							(24,667,560)

Other segment information for the year ended 31 December 2008 is as follows:

	Provision of a trading platform *HK$*	**Provision of brokerage and securities margin financing, and infrastructure broking services** *HK$*	**Provision of corporate finance services** *HK$*	**Trading and principal investment** *HK$*	**Provision of wealth management services** *HK$*	**Provision of stock information and research** *HK$*	**Unallocated** *HK$*	**Total** *HK$*
Depreciation and amortization	**—**	**830,940**	**18,126**	**42,934**	**16,774**	**796,571**	**800,938**	**2,506,283**
Impairment of goodwill	**—**	**—**	**—**	**—**	**—**	**635,784,473**	**—**	**635,784,473**
Impairment of amount due from an associate	**—**	**—**	**571,570**	**—**	**—**	**—**	**—**	**571,570**
Impairment of trade receivables	**—**	**—**	**—**	**—**	**—**	**2,244,960**	**—**	**2,244,960**

Other segment information for the year ended 31 December 2007 is as follows:

	Provision of a trading platform *HK$*	Provision of brokerage and securities margin financing, and infrastructure broking services *HK$*	Provision of corporate finance services *HK$*	Trading and principal investment *HK$*	Provision of wealth management services *HK$*	Provision of stock information and research *HK$*	Unallocated *HK$*	Total *HK$*
Depreciation and amortization	—	949,968	288,345	—	12,719	93,395	490,395	1,834,822
Impairment of available-for-sale financial assets	—	—	—	322,850	—	—	—	322,850
Impairment of investments in associates	—	—	—	10,430,505	14	—	—	10,430,519
Impairment of trade receivables	—	—	2,193,375	—	—	—	—	2,193,375

Segment assets consist primarily property, plant and equipment, intangible assets, statutory deposits and other assets, investments in associates, available-for-sale financial assets, held-for-trading investments, trade and other receivables, and bank balances and cash. Segment liabilities comprise operating liabilities.

The segment assets and liabilities as at 31 December 2008 and capital expenditure for the year then ended are as follows:

	Provision of a trading platform *HK$*	**Provision of brokerage and securities margin financing, and infrastructure broking services** *HK$*	**Provision of corporate finance services** *HK$*	**Trading and principal investment** *HK$*	**Provision of wealth management services** *HK$*	**Provision of stock information and research** *HK$*	**Unallocated** *HK$*	**Total** *HK$*
Segment assets	**47,048**	**50,407,164**	**492,547**	**1,972,048**	**1,543,759**	**87,922,114**	**30,728,217**	**173,112,897**
Investments in associates	**—**	**—**	**—**	**—**	**149,697**	**—**	**—**	**149,697**
	47,048	**50,407,164**	**492,547**	**1,972,048**	**1,693,456**	**87,922,114**	**30,728,217**	**173,262,594**
Segment liabilities	**1,810**	**8,531,059**	**404,607**	**324,078**	**933,414**	**6,500,841**	**795,975**	**17,491,784**
Capital expenditure								
Additions of property, plant and equipment	**—**	**2,536,598**	**—**	**—**	**107,870**	**661,813**	**1,567,181**	**4,873,462**
Additions of statutory deposits and other assets	**—**	**—**	**—**	**—**	**—**	**—**	**1,760,518**	**1,760,518**
Additions of intangible assets	**—**	**—**	**—**	**—**	**—**	**172,220,630**	**—**	**172,220,630**

The segment assets and liabilities as at 31 December 2007 and capital expenditure for the year then ended are as follows:

	Provision of a trading platform *HK$*	Provision of brokerage and securities margin financing, and infrastructure broking services *HK$*	Provision of corporate finance services *HK$*	Trading and principal investment *HK$*	Provision of wealth management services *HK$*	Provision of stock information and research *HK$*	Unallocated *HK$*	Total *HK$*
Segment assets	35,056	39,990,995	3,092,809	677,377	5,454,079	556,036,265	68,411,567	673,698,148
Investments in associates	—	—	—	—	136,998	—	—	136,998
	35,056	39,990,995	3,092,809	677,377	5,591,077	556,036,265	68,411,567	673,835,146
Segment liabilities	2,341	12,516,676	414,771	4,369,128	627,500	28,084,506	1,393,512	47,408,434
Capital expenditure								
Additions of property, plant and equipment	—	79,153	759,716	—	7,330	3,315,622	21,660	4,183,481
Additions of intangible assets	—	—	—	—	—	491,663,843	—	491,663,843

(b) Secondary reporting format — geographical segments

The Group mainly operates in Hong Kong, Singapore and the PRC.

	2008 *HK$*	2007 *HK$* (As restated) *(Note 3.1)*
Revenue		
Hong Kong	**14,149,120**	32,149,019
Singapore	**—**	427,005
The PRC	**58,005,914**	11,474,172
	72,155,034	44,050,196

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

	2008	2007
	HK$	*HK$*
Total assets		
Hong Kong	**84,118,025**	116,879,802
Singapore	**174,356**	782,081
The PRC	**88,820,516**	556,036,265
	173,112,897	673,698,148
Investments in associates	**149,697**	136,998
	173,262,594	673,835,146

Total assets are allocated based on where the assets are located.

	2008	2007
	HK$	*HK$*
Capital expenditure		
Hong Kong	**5,864,297**	841,467
Singapore	**—**	26,392
The PRC	**172,990,313**	494,979,465
	178,854,610	495,847,324

Capital expenditure is allocated on where the assets are located.

6. OTHER GAINS

	2008	2007
	HK$	*HK$*
Gain on disposal of property, plant and equipment	**27,790**	—
Gain on disposal of subsidiaries	**—**	1,500
Net gain transferred from equity on disposal of available-for-sale financial assets	**—**	3,789
	27,790	5,289

7. OTHER INCOME

	2008	2007
	HK$	*HK$*
CCASS fee income	**56,888**	264,418
Handling fee income	**153,047**	91,704
Interest income on bank deposits	**947,624**	460,763
Interest income from an associate	**—**	8,662
Other interest income	**20,313**	34,194
Dividend income from listed investments	**33,475**	30,645
Sundry income	**1,240,841**	446,712
	2,452,188	1,337,098

8. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year. No provision for Hong Kong Profits Tax has been made in the financial statements as the Group incurred a tax loss for the year (2007: Nil). Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2008	2007
	HK$	*HK$*
Current income tax		
— Hong Kong Profits Tax	**—**	—
— PRC Corporate Income Tax	**6,410,352**	1,349,477
	6,410,352	1,349,477

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the Hong Kong Profits Tax rate of 16.5% (2007: 17.5%) as follows:

	2008	2007
	HK$	*HK$*
Loss before income tax	**(619,865,676)**	(23,318,083)
Tax calculated at Hong Kong Profits Tax rate of 16.5% (2007: 17.5%)	**(102,277,837)**	(4,080,665)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**493,001**	(211,752)
Income not subject to tax	**(161,881)**	(84,713)
Expenses not deductible for tax purposes	**105,265,904**	1,908,783
Others	**3,091,165**	3,817,824
Tax charge	**6,410,352**	1,349,477

No deferred tax liabilities have been recognized in the financial statements as the Group and the Company did not have material temporary difference arising between the tax bases of assets and liabilities and their carrying amounts as at 31 December 2008 (2007: Nil).

A deferred tax asset has not been recognized in the financial statements in respect of estimated unused tax losses available for offset against future profits due to the uncertainty of future profit streams. These unrecognized temporary differences have no expiry date.

As at 31 December 2008, the unrecognized deferred tax assets of the Group are as follows:

	2008	2007
	HK$	*HK$*
Unused tax losses	**20,622,450**	18,282,176

9. LOSS PER SHARE

Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company for the year ended 31 December 2008 of HK$626,262,225 (2007: HK$24,655,055) by the weighted average number of 2,578,696,000 (2007: 2,298,434,000) ordinary shares in issue during the year.

Diluted

The computation of diluted loss per share did not assume the exercise of the Company's share options outstanding during the years ended 31 December 2007 and 2008 since their exercise would result in a decrease in loss per share.

10. DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31 December 2008 (2007: nil).

11. TRADE RECEIVABLES

	2008	2007
	HK$	*HK$*
Amounts receivable arising from securities broking:		
Margin clients	**548,287**	2,207,961
Cash clients	**240,724**	790,256
Brokers and dealers	**6**	6
HKSCC (net)	**—**	977,460
Amounts receivable arising from futures broking:		
HKFECC	**151,892**	222,945
Other trade receivables	**37,655,204**	35,288,417
	38,596,113	39,487,045
Less: provision for impairment of receivables	**(4,467,175)**	(2,193,375)
Trade receivables, net	**34,128,938**	37,293,670

Amounts receivable from margin clients are repayable on demand, bear interest at prevailing market rates and are secured by clients' pledged securities that are listed on the Stock Exchange with a total market value of approximately HK$11,228,000 as at 31 December 2008 (2007: HK$16,117,000). No aged analysis is disclosed as, in the opinion of the directors, the aged analysis does not give additional value in view of the nature of the business of securities margin financing.

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

As at 31 December 2008, trade receivables of HK$4,467,175 (2007: HK$2,193,375) were impaired due to unexpected difficulty in collecting the outstanding amounts.

Other trade receivables arising from the provision of corporate finance services and wealth management services are due immediately from date of billing but the Group will generally grant a credit period of 30 days on average to its customers. Trade receivables arising from the provision of stock information and research are with credit term of 30 to 90 days. Included in other trade receivables of the Group as at 31 December 2008 were trade receivables from Shenzhen Wealth Alliance Networking Company Limited of HK$26,371,171 (2007: HK$16,050,450), which is a wholly-owned subsidiary of 深圳畫天影視傳播有限公司 (transliterated as "Shenzhen Sky Picture Communications Company Limited").

The following is an aged analysis of other trade receivables at the balance sheet date:

	2008	2007
	HK$	*HK$*
0–30 days	**3,792,662**	12,632,423
31–90 days	**6,194,573**	15,861,493
91–180 days	**7,638,193**	4,494,126
181–365 days	**17,609,021**	107,000
Over 365 days	**2,420,755**	2,193,375
	37,655,204	35,288,417

As at 31 December 2008, other trade receivables of HK$29,395,367 (2007: HK$20,462,619) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. The aged analysis of these trade receivables is as follows:

	2008	2007
	HK$	*HK$*
Up to 90 days	**5,419,706**	15,861,493
91–180 days	**6,139,260**	4,494,126
181–365 days	**17,609,021**	107,000
Over 365 days	**227,380**	—
	29,395,367	20,462,619

As at 31 December 2008, other trade receivables of HK$2,244,960 aged over 90 days (2007: HK$2,193,375 aged over 1 year) were impaired due to unexpected difficulty in collecting the outstanding amounts.

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

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

	2008	2007
	HK$	*HK$*
Hong Kong dollars	**1,539,708**	6,113,792
RMB	**32,589,230**	31,179,878
	34,128,938	37,293,670

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

	2008	2007
	HK$	*HK$*
At beginning of the year	**2,193,375**	—
Provision for impairment of trade receivables	**2,244,960**	2,193,375
Exchange difference	**28,840**	—
At end of the year	**4,467,175**	2,193,375

12. TRADE PAYABLES

	2008	2007
	HK$	*HK$*
Amounts payable arising from securities broking:		
Margin clients	**2,832,842**	1,023,880
Cash clients	**3,954,910**	10,244,358
HKSCC (net)	**659,540**	—
Amounts payable arising from futures broking:		
Clients	**529,347**	806,810
Other trade payables	**1,301,467**	4,704,610
	9,278,106	16,779,658

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

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

Amounts payable to clients arising from futures broking are margin deposits received from clients for their trading of futures contracts. The excess of the outstanding amounts over the required margin deposits stipulated are repayable to clients on demand. No aged analysis is disclosed as, in the opinion of the directors, the aged analysis does not give additional value in view of the nature of the business of futures broking.

The following is an aged analysis of other trade payables at the balance sheet date:

	2008	2007
	HK$	*HK$*
0–30 days	**641,771**	2,001,384
31–90 days	**64,902**	687,780
91–180 days	**232,023**	2,014,654
181–365 days	**197,780**	792
Over 365 days	**164,991**	—
	1,301,467	4,704,610

The carrying amounts of the Group's trade payables are denominated in Hong Kong dollars.

BUSINESS REVIEW

The financial market in 2008 experienced a drastic change compared to that of the previous year. The global financial turmoil was much stronger than most people expected and like the rest of the financial services industry counterparts, the Group had been operating under stringent business environment.

The acquisition of GoHi Holdings Limited ("GoHi") which is the holding company of 首華證券諮詢(深圳)有限公司 First China Securities Consultancy (Shenzhen) Co., Ltd. ("First China Shenzhen") in November 2007 had benefited the Group since the start of the year, both in respect of the positive financial contribution to the Group, and geographically extending the scope of the Group's services to the Greater China region. In June 2008, the Group changed its name officially to First China Financial Holdings Limited, which better reflected its growing business outlook in the Greater China Market. Major business review for the year are as follows:

Development of Hong Kong, Mainland China and Taiwan market

Through the acquisition of First China Shenzhen, the Group has successfully obtained access to the Mainland China market, and established itself as a pioneering comprehensive financial information providers in Greater China with a primary comprehensive financial information platform.

As envisaged by the Company's management, a good integrated financial platform shall be helpful in improving the overall services of the financial services sector in Hong Kong, Taiwan and Mainland China.

Stock Information Services

As an influential brand in Mainland China, First China Shenzhen had been offering financial services including provision of real-time information, financial plan, and had about 80,000 subscribers of its information services at the end of the year with its potential users growing. Moreover, First China Shenzhen has a telephone calling centre manned by a sales team of about 300 persons.

Launch of Stock e-Expert

"Stock e-Expert", a new investor software package with expert intelligence analysis and data information system, was launched by the Group in Mainland China in June 2008. The sales of "Stock e-Expert" had generated satisfactory results throughout the second half of the year. An upgraded version of Stock e-Expert which will cover real time Hong Kong stock market information and up-to-date international information will be launched. This software, as an integrated carrier providing services such as series of company information, market information, video information will be directly supplied to the Group's client and is expected to further benefit the Group.

Acquisition of an Insurance Broker Company

In May 2008, the Group completed the acquisition of 深圳市安和信保險經紀有限公司 Shenzhen An He Xin Insurance Brokers Company Limited which holds an insurance broker license issued by The China Insurance Regulatory Commission. Subsequently, the name of the company is changed to 深圳首華保險經紀有限公司 (transliterated as First China Insurance

Broker (Shenzhen) Co., Limited) to align with the Group's name. As a result of the effective integration of the Group's resources, investors' resources and the supporting services, this business segment is expected to benefit the Group in future.

FINANCIAL REVIEW

Results of the Group

The Group recorded total turnover of approximately HK$72,155,000 for the year ended 31 December 2008. Compared to the amount of approximately HK$44,050,000 in 2007, there was an increase of approximately HK$28,105,000 or of approximately 63.80%. The increase in turnover was primarily attributable to the increase in income from the provision of financial information and research services unit acquired by the Group in November 2007.

Profit before impairment of goodwill for the year ended 31 December 2008 was approximately HK$9,508,000, compared to the loss of approximately HK$24,667,000 for the previous year. The loss attributable to shareholders for the year ended 31 December 2008 was approximately HK$626,262,000 compared with the loss of approximately HK$24,655,000 of the corresponding period in 2007. The increase in loss was mainly attributable to a significant impairment of goodwill arising from the acquisition of GoHi in November 2007, which is the holding company of First China Shenzhen. The total goodwill arising from the acquisition of GoHi for the year ended 31 December 2007 was approximately HK$491,664,000 and the fair value of option shares and bonus shares issued pursuant to the agreements in respect of the acquisition of GoHi during the year under review was approximately HK$170,368,000. Such amount would be required to be tested for impairment annually according to Hong Kong Financial Reporting Standards ("HKFRSs"). The Board considered that approximately HK$635,784,000 was required for the impairment of goodwill for the year ended 31 December 2008.

Profit before impairment of goodwill for the year was arrived at as follows:

	Year ended 31 December 2008 *HK$'000*
Loss attributable to shareholders	**(626,262)**
Add: Minority interests	**(14)**
Loss for the year	**(626,276)**
Add: Impairment of goodwill	**635,784**
Profit before impairment of goodwill	**9,508**

Goodwill arising from the acquisition of First China Shenzhen

The total goodwill arising from the acquisition of GoHi in November 2007 was required to be tested for impairment annually according to HKFRSs. No impairment of goodwill was required for the year ended 31 December 2007. However, triggered off by the global financial turmoil during the year, financial markets worldwide underwent relatively significant downturn. An independent valuer was engaged by the Group to conduct an annual valuation on goodwill and the valuation report was recently released. As a result, the Board considered that approximately HK$635,784,000 was required for the impairment of goodwill for the year ended 31 December 2008, including recognizing the impairment of goodwill arising on acquisition of GoHi in 2007 in the year according to HKFRS. The loss for the year is primarily attributable to recognizing the impairment of the aforesaid goodwill in the year under review. The financial results of the Group for 2008 reflected the prudent approach the Board adopted in light of the current downturn in the financial markets, as the Board is of the view that recognizing the impairment of the goodwill in the year under review is beneficial to the long run development of the Group.

Liquidity and financial resources

The Group is in healthy and liquidity position. As at 31 December 2008, the shareholders' fund of the Group amounted to approximately HK$155,699,000. As at 31 December 2008, the Group's cash and cash equivalents amounted to approximately HK$74,379,000 (31 December 2007: approximately HK$108,684,000) of which approximately HK$6,990,000 (31 December 2007: approximately HK$11,876,000) were held on behalf of clients in trust and segregated account. Taking into account of the amount of liquid assets in hand, the Board is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

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

Capital structure

As at end of 2008, the total number of the Company's shares had been increased to 2,934,123,215 after the issue of 343,689,215 new shares as partial consideration for the acquisition of GoHi on 16 November 2007 pursuant to the Agreements as disclosed in the Company's circular dated 22 October 2007 and the exercises of a total of 52,000,000 share options during the year. The total net amount of fund raised through such share option exercises was about HK$3,776,000, and had been applied as working capital of the Group.

The Group did not have any borrowings and long-term debts at the end of the year in 2008. The Company has given a corporate guarantee to the extent of HK$45,000,000 to a bank in respect of general banking facility granted to a subsidiary. However, no overdraft was drawn under this facility at the balance sheet date.

Stock Information and Research Services

The total fee income of the stock information and research services unit significantly increased to approximately HK$57,986,000 for the year, representing an increase of approximately HK$46,512,000 or of approximately 4.05 times compared with that of last year, mainly attributable to the full year contribution of the provision of financial information and research business in Mainland China acquired by the Group in November, 2007. This unit reported an operating profit before income tax expense was approximately HK$35,311,000. However, because of recognizing the impairment of goodwill of approximately HK$635,784,000 in the year, this unit recorded a loss of approximately HK$600,473,000 for the year.

Brokerage and trading platform

Total turnover of this unit recorded was approximately HK$3,464,000 for the year ended 31 December 2008, compared with approximately HK$8,479,000 for same period last year. Because of the decline in turnover of the market, our brokerage commission dropped accordingly. The unit recorded a loss of approximately HK$5,925,000 for the year.

Wealth Management

As a result of the significant downturn of global equity market, the total fee income of the wealth management division significantly decreased to approximately HK$10,716,000 for the year from approximately HK$23,438,000 for the same period last year. This unit recorded a profit of approximately HK$183,000 for the year.

Corporate Finance Services

Due to the significant decline in demand for capital market investment, the total fee income of this segment was approximately HK$13,000 for the year. This segment recorded a loss of approximately HK$757,000 for the year.

OUTLOOK

The unprecedented global financial turmoil presented much greater challenges to the general economic environment and the financial services industry has been under hard hit. As the financial turmoil develops, it is difficult to estimate what the market will hold in 2009. However, as China emerged as one of the countries least affected by the financial turmoil, and with its firm support for Hong Kong, it is believed that the impact of the financial turmoil on this region may not be as severe compared with other parts of the world.

The prospects of the China economy and its financial services markets continue to be our major focus. As our comprehensive financial services continue to develop and improve to a more advanced and matured stage, the Group, as a financial service provider in the Greater China region, will continue to deliver improved and enhanced services to investors. Despite the industry-wide challenges and prevailing uncertainties, by focusing on the core competence of our existing businesses and leveraging our strength on the acquired business of First China Shenzhen, together with the dedication and efforts of our management and staff, the Group will be able to weather through the challenges ahead, and a stronger First China Group will emerge.

INTEREST IN COMPETITORS

An independent non-executive director of the Company, Mr. Yen Jong Ling, also acts as the responsible officer of China Merchants Securities (HK) Co., Limited which engages in securities related business and may compete with the Group. The Board however considers that there is no conflict of interest in this regard.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company's Directors have complied with such code of conduct and the required standard of dealings.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board assumes overall responsibility for the leadership and control of the Group, including providing and setting the Group's directions and strategies in the interests of the Group. It believes in good corporate governance and corporate governance practices that promote investor confidence, development of the Group, and transparency while having the longterm interest of the Group and enhancement of shareholders' value as the ultimate objectives. It is committed to and has applied the principles of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules ("Corporate Governance Code"). The Company was in compliance with the Corporate Governance Code.

AUDIT COMMITTEE

The Company has established an Audit Committee with specific written terms of reference. The Audit Committee is currently composed of three independent non-executive directors, Dr. Tsang Hing Lun, Professor Zhang Benzheng and Mr. Yen Jong Ling. Dr. Tsang Hing Lun acts as chairman of the Audit Committee.

The Audit Committee has reviewed the financial statements of the Group for the year ended 31 December 2008 pursuant to the relevant provisions contained in the Code of Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules and was of the opinion that such statements had complied with applicable accounting standards and that adequate disclosures had been made in respect thereof.

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

Members	Attendance
Japhet Sebastian Law (resigned on 1 October 2008)	3/5
Tsang Hing Lun	5/5
Michael Wu Wai Chung (resigned on 12 November 2008)	1/5
Zhang Benzheng (appointed on 30 September 2008)	1/5
Yen Jong Ling (appointed on 12 November 2008)	1/5

During the year, the Audit Committee's work includes reviewing the Company's quarterly, half yearly and annual results, reviewing the Company's system of internal control, and the Company's accounting policies.

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

Hong Kong, 23 March 2009

As of the date of this announcement, the Board is comprised of (i) two executive Directors, namely Mr. Wang Wenming and Mr. Lee Yiu Sun; (ii) three independent non-executive Directors, namely Dr. Tsang Hing Lun, Professor Zhang Benzheng and Mr. Yen Jong Ling.

This announcement will remain on the GEM website on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the Company's website at www.firstchina.hk.

The English text of this annual result shall prevail over the Chinese text in case of inconsistencies.