首華財經網絡集團有限公司

FIRST CHINA FINANCIAL NETWORK HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock code: 08123)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

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.

HIGHLIGHTS

The Group recorded a turnover of approximately HK$85,320,000 for the year ended 31 December 2009.

Profit for the year ended 31 December 2009 was approximately HK$3,045,000.

Net profit attributable to shareholders for the year ended 31 December 2009 amounted to approximately HK$3,405,000.

Both basic and diluted, earnings per share were 0.12 HK cents.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2009.

FINAL RESULTS

The board of Directors of the Company (the "Board") announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2009 together with the comparative audited figures for the corresponding period in 2008.

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2009

	Note	2009 HK$	2008 HK$
Revenue	3	**85,320,229**	72,155,034
Cost of sales and services		**—**	(12,387,545)
Other gains	5	**1,615,036**	27,790
Other income	6	**1,987,495**	2,452,188
Employee benefits expenses		**(30,873,543)**	(12,935,423)
Depreciation of property, plant and equipment		**(3,630,306)**	(2,471,701)
Amortization of intangible assets		**(3,726,645)**	(34,582)
Impairment of goodwill		**—**	(635,784,473)
Impairment of amount due from an associate		**—**	(571,570)
Impairment of trade receivables		**—**	(2,244,960)
Other operating expenses		**(39,671,275)**	(28,083,133)
Share of (loss)/profit of associates		**(321,096)**	12,699
Profit/(loss) before income tax		**10,699,895**	(619,865,676)
Income tax expense	7	**(7,654,821)**	(6,410,352)
Profit/(loss) for the year		**3,045,074**	(626,276,028)
Other comprehensive income			
Net gains transferred to profit or loss on disposal of available-for-sale financial assets		**(818,303)**	—
Change in fair value of available-for-sale financial assets		**464,877**	(517,368)
Currency translation differences:			
— Group		**700,939**	2,741,336
— Associates		**237**	—
Release of translation reserve upon disposal of a subsidiary		**(224,114)**	—
Other comprehensive income for the year, net of tax		**123,636**	2,223,968
Total comprehensive income/(loss) for the year		**3,168,710**	(624,052,060)

	Note	2009 HK$	2008 HK$
Profit/(loss) for the year attributable to:			
Equity holders of the Company		**3,404,795**	(626,262,225)
Minority interests		**(359,721)**	(13,803)
		3,045,074	(626,276,028)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**3,528,170**	(624,038,257)
Minority interests		**(359,460)**	(13,803)
		3,168,710	(624,052,060)
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company during the year			
— basic	8	**0.12 HK cents**	(24.29) HK cents
— diluted	8	**0.12 HK cents**	(24.29) HK cents

Consolidated Statement of Financial Position
As at 31 December 2009

	Note	2009 HK$	2008 HK$
Non-current assets			
Property, plant and equipment		**13,315,420**	7,179,119
Intangible assets		**177,090,438**	28,100,002
Statutory deposits and other assets		**2,075,000**	3,790,518
Investments in associates		**1,001,131**	149,697
Available-for-sale financial assets		—	734,692
		193,481,989	39,954,028
Current assets			
Held-for-trading investments		—	34,620
Trade receivables	9	**17,450,098**	34,128,938
Other receivables		**34,494,867**	24,765,756
Amount due from an associate		**2,396,430**	—
Bank balances and cash		**88,905,605**	74,379,252
		143,247,000	133,308,566
Total assets		**336,728,989**	173,262,594
Current liabilities			
Trade payables	10	**51,795,602**	9,278,106
Other payables and deferred income		**7,358,246**	7,507,418
Amount due to an associate		—	74,813
Short-term bank loan	11	**14,727,700**	—
Loan payable under control agreements — amount due within one year	12	**30,021,850**	—
Current income tax liabilities		**5,622,887**	631,447
		109,526,285	17,491,784
Net current assets		**33,720,715**	115,816,782
Total assets less current liabilities		**227,202,704**	155,770,810
Non-current liabilities			
Loan payable under control agreements — amount due after one year	12	**32,854,100**	—
Deferred income tax liabilities		**31,456,395**	—
		64,310,495	—
Net assets		**162,892,209**	155,770,810

	2009	2008
	HK$	*HK$*
Capital and reserves		
Share capital	**29,541,232**	29,341,232
Share premium	**495,488,494**	478,227,885
Special reserve	**4,778,740**	4,778,740
Available-for-sale investments revaluation reserve	—	353,426
Translation reserve	**4,150,738**	3,673,937
Shares to be issued	**336,000,000**	336,000,000
Share options reserve	**28,921,218**	43,381,827
Share-based compensation reserve	**795,173**	1,767,050
Accumulated losses	**(737,448,308)**	(741,824,980)
Equity attributable to the Company's equity holders	**162,227,287**	155,699,117
Minority interests	**664,922**	71,693
Total equity	**162,892,209**	155,770,810

Consolidated Statements of Changes in Equity

For the year ended 31 December 2009

	Attributable to the equity holders of the Company											
	Share capital *HK$*	**Share premium** *HK$*	**Special reserve** *HK$*	**Available-for-sale investments revaluation reserve** *HK$*	**Translation reserve** *HK$*	**Shares to be issued** *HK$*	**Share options reserve** *HK$*	**Share-based compensation reserve** *HK$*	**Accumulated losses** *HK$*	**Total** *HK$*	**Minority interests** *HK$*	**Total equity** *HK$*
Balance as at 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
Total comprehensive loss for the year	—	—	—	(517,368)	2,741,336	—	—	—	(626,262,225)	(624,038,257)	(13,803)	(624,052,060)
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 as 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
Balance as at 31 December 2008 and 1 January 2009	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
Total comprehensive income for the year	—	—	—	(353,426)	476,801	—	—	—	3,404,795	3,528,170	(359,460)	3,168,710
Capital contributions from minority interests	—	—	—	—	—	—	—	—	—	—	1,212,939	1,212,939
Disposal of a subsidiary	—	—	—	—	—	—	—	—	—	—	(63,076)	(63,076)
Disposal of partial equity interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	(197,174)	(197,174)
Issue of shares upon exercise of Option in respect of acquisition of subsidiaries	200,000	2,800,000	—	—	—	—	—	—	—	3,000,000	—	3,000,000
Transfer upon exercise of Option in respect of acquisition of subsidiaries	—	14,460,609	—	—	—	—	(14,460,609)	—	—	—	—	—
Share option scheme												
— vested share options lapsed	—	—	—	—	—	—	—	(971,877)	971,877	—	—	—
Balance as at 31 December 2009	**29,541,232**	**495,488,494**	**4,778,740**	**—**	**4,150,738**	**336,000,000**	**28,921,218**	**795,173**	**(737,448,308)**	**162,227,287**	**664,922**	**162,892,209**

Notes:

1. GENERAL INFORMATION

First China Financial Network 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.

Pursuant to a special resolution passed by the Company's shareholders on 23 November 2009, the name of the Company was changed from "First China Financial Holdings Limited 首華金融控股有限公司" to "First China Financial Network Holdings Limited 首華財經網絡集團有限公司".

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 30 March 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). 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.

(a) New and amended standards adopted by the Group

The following standards and amendments to published standards are mandatory for accounting periods beginning on or after 1 January 2009 and is adopted by the Group:

HKFRS 7	"Financial Instruments — Disclosures" (amendment)
HKAS 1 (revised)	"Presentation of financial statements"
HKAS 23 (revised)	"Borrowing costs"
HKFRS 8	"Operating segments"

(b) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group*

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods, but the Group has not early adopted them:

HK(IFRIC) 17	"Distribution of non-cash assets to owners"
HKAS 27 (revised)	"Consolidated and separate financial statements"
HKFRS 3 (revised)	"Business combinations"
HKAS 38 (amendment)	"Intangible Assets"
HKFRS 5 (amendment)	"Measurement of non-current assets (or disposal groups) classified as held for sale"
HKAS 1 (amendment)	"Presentation of financial statements"
HKFRS 2 (amendments)	"Group cash-settled share-based payment transactions"

(c) *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.

(d) *Estimated impairment of intangible assets other than goodwill*

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

(e) *Estimated impairment of trade receivables and other receivables*

The Group's management determines the impairment of trade receivables 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.

3. REVENUE

	2009	2008
	HK$	*HK$*
Income from provision of a trading platform	**163,918**	148,936
Commission income from securities and futures brokerage, and infrastructure broking service fee	**10,880,048**	2,760,698
Interest income from clients	**422,401**	554,190
Income from provision of corporate finance services	**—**	13,388
Net fair value losses on investments	**(34,971)**	(24,183)
Income from provision of wealth management services	**2,859,782**	10,715,602
Income from provision of stock information and research	**71,029,051**	57,986,403
	85,320,229	72,155,034

4. SEGMENT INFORMATION

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

The Executive Directors consider the Group has six reportable segments: (1) provision of a trading platform; (2) provision of brokerage and securities margin financing, and infrastructure broking services; (3) provision of corporate finance services; (4) trading and principal investment; (5) provision of wealth management services; and (6) provision of stock information and research.

The segment information of the reportable segments for the year ended 31 December 2009 is as follows:

	Provision of a trading platform *HK$*	Brokerage and securities margin financing, and infrastructure broking services *HK$*	Corporate finance services *HK$*	Trading and principal investment *HK$*	Wealth management services *HK$*	Stock information and research *HK$*	Total *HK$*
Segment revenue from external customers	163,918	11,302,449	—	(34,971)	2,859,782	71,029,051	85,320,229
Segment results	13,721	(2,521,386)	—	(2,075,441)	637,933	16,637,627	12,692,454
Net unallocated expenses							(1,681,803)
Interest expenses							(13,695)
Interest income							24,035
Share of loss of associates						(321,096)	(321,096)
Profit before income tax							10,699,895
Income tax expense							(7,654,821)
Profit for the year							3,045,074

The segmental information of the reportable segments for the year ended 31 December 2008 is as follows:

	Provision of a trading platform *HK$*	Brokerage and securities margin financing, and infrastructure broking services *HK$*	Corporate finance services *HK$*	Trading and principal investment *HK$*	Wealth management services *HK$*	Stock information and research *HK$*	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
Segment 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)
Net unallocated expenses							(12,782,454)
Interest expenses							(9,733)
Interest income							967,937
Share of profit of associates					12,699		12,699
Loss before income tax							(619,865,676)
Income tax expense							(6,410,352)
Loss for the year							(626,276,028)

Other segment information for the year ended 31 December 2009 is as follows:

	Provision of a trading platform ***HK$***	**Brokerage and securities margin financing, and infrastructure broking services** ***HK$***	**Corporate finance services** ***HK$***	**Trading and principal investment** ***HK$***	**Wealth management services** ***HK$***	**Stock information and research** ***HK$***	**Unallocated** ***HK$***	**Total** ***HK$***
Depreciation and amortization	**—**	**1,127,597**	**—**	**40,441**	**65,522**	**5,397,864**	**725,527**	**7,356,951**

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

	Provision of a trading platform *HK$*	Brokerage and securities margin financing, and infrastructure broking services *HK$*	Corporate finance services *HK$*	Trading and principal investment *HK$*	Wealth management services *HK$*	Stock information and research *HK$*	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

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

The segment assets and liabilities as at 31 December 2009 and capital expenditure for the year then ended are as follows:

	Provision of a trading platform ***HK$***	**Brokerage and securities margin financing, and infrastructure broking services** ***HK$***	**Corporate finance services** ***HK$***	**Trading and principal investment** ***HK$***	**Wealth management services** ***HK$***	**Stock information and research** ***HK$***	**Unallocated** ***HK$***	**Total** ***HK$***
Segment assets	**47,048**	**79,565,873**	**—**	**1,883,210**	**3,189,523**	**236,231,584**	**14,810,620**	**335,727,858**
Investments in associates	**—**	**—**	**—**	**—**	**—**	**1,001,131**	**—**	**1,001,131**
	47,048	**79,565,873**	**—**	**1,883,210**	**3,189,523**	**237,232,715**	**14,810,620**	**336,728,989**
Segment liabilities	**2,030**	**53,236,952**	**—**	**—**	**106,080**	**4,296,691**	**116,195,027**	**173,836,780**
Capital expenditure								
Additions of property, plant and equipment	**—**	**771,376**	**—**	**562,989**	**256,035**	**8,405,081**	**141,260**	**10,136,741**
Additions of statutory deposits and other assets	**—**	**45,000**	**—**	**—**	**—**	**—**	**—**	**45,000**
Additions of intangible assets	**—**	**—**	**—**	**—**	**—**	**152,714,320**	**—**	**152,714,320**

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$*	Brokerage and securities margin financing, and infrastructure broking services *HK$*	Corporate finance services *HK$*	Trading and principal investment *HK$*	Wealth management services *HK$*	Stock information and research *HK$*	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 Group mainly operates in Hong Kong and the PRC.

	2009 ***HK$***	2008 *HK$*
Revenue		
Hong Kong	**14,104,121**	14,149,120
The PRC	**71,216,108**	58,005,914
	85,320,229	72,155,034

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

	2009 ***HK$***	2008 *HK$*
Total assets		
Hong Kong	**86,258,062**	84,118,025
Singapore	**—**	174,356
The PRC	**249,469,796**	88,820,516
	335,727,858	173,112,897
Investments in associates	**1,001,131**	149,697
	336,728,989	173,262,594

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

	2009	2008
	HK$	*HK$*
Capital expenditure		
Hong Kong	**1,520,625**	5,864,297
The PRC	**161,375,436**	172,990,313
	162,896,061	178,854,610

Capital expenditure is allocated on where the assets are located.

5. OTHER GAINS

	2009	2008
	HK$	*HK$*
Gain on disposal of property, plant and equipment	**19,303**	27,790
Gain on disposal of partial equity interest in a subsidiary	**197,320**	—
Gain on disposal of subsidiaries	**171,585**	—
Gain on disposal of available-for-sale financial assets	**408,525**	—
Net gain transferred from equity on disposal of available-for-sale financial assets	**818,303**	—
	1,615,036	27,790

6. OTHER INCOME

	2009	2008
	HK$	*HK$*
CCASS fee income	**974,602**	56,888
Handling fee income	**111,109**	153,047
Interest income on bank deposits	**21,718**	947,624
Other interest income	**2,317**	20,313
Dividend income from listed investments	**19,648**	33,475
Sundry income	**858,101**	1,240,841
	1,987,495	2,452,188

7. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year. No provision for Hong Kong Profits Tax has been made in the financial statements as the Group incurred a tax loss for the year (2008: 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.

	2009	2008
	HK$	*HK$*
Current income tax		
— Hong Kong Profits Tax	**—**	—
— PRC Corporate Income Tax	**8,400,150**	6,410,352
Total current tax	**8,400,150**	6,410,352
Deferred income tax		
Reversal of temporary differences	**(745,329)**	—
Income tax expense	**7,654,821**	6,410,352

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the Hong Kong Profits Tax rate of 16.5% (2008: 16.5%) as follows:

	2009	2008
	HK$	*HK$*
Profit/(loss) before income tax	**10,699,895**	(619,865,676)
Tax calculated at Hong Kong Profits Tax rate of 16.5% (2008: 16.5%)	**1,765,483**	(102,277,837)
Tax effect of:		
— Different tax rates of subsidiaries operating in other jurisdictions	**1,181,763**	493,001
— Income not subject to tax	**(283,513)**	(161,881)
— Expenses not deductible for tax purposes	**313,222**	105,265,904
— Others	**4,677,866**	3,091,165
Tax charge	**7,654,821**	6,410,352

8. EARNINGS/(LOSS) PER SHARE

Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company for the year ended 31 December 2009 of HK$3,404,795 (2008: loss of HK$626,262,225) by the weighted average number of 2,953,356,092 (2008: 2,578,696,000) ordinary shares in issue during the year.

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume the exercise of the Company's share options outstanding during the years ended 31 December 2009.

	2009
Earnings	
Profit attributable to equity holders of the Company	**HK$3,404,795**
Profit used to determine diluted earnings per share	**HK$3,404,795**
Weighted average number of ordinary shares in issue	**2,953,356,092**
Adjustments for share options	**140,464**
Adjustments for Option	**275,377**
Weighted average number of ordinary shares for diluted earnings per share	**2,953,771,933**

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

9. TRADE RECEIVABLES

	2009	2008
	HK$	*HK$*
Amounts receivable arising from securities broking:		
Margin clients	**377,318**	548,287
Cash clients	**574,853**	240,724
Brokers and dealers	**6**	6
HKSCC (net)	**9,075,739**	—
Amounts receivable arising from futures broking:		
Brokers and dealers	**1,907,606**	—
HKFECC	**4,068,896**	151,892
Other trade receivables	**1,445,680**	37,655,204
	17,450,098	38,596,113
Less: provision for impairment of receivables	**—**	(4,467,175)
Trade receivables, net	**17,450,098**	34,128,938

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$14,145,000 as at 31 December 2009 (2008: HK$11,228,000). 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 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, which is a wholly-owned subsidiary of Shenzhen Sky Picture Communications Company Limited.

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

	2009	2008
	HK$	*HK$*
0–30 days	**1,332,390**	3,792,662
31–90 days	—	6,194,573
91–180 days	—	7,638,193
181–365 days	—	17,609,021
Over 365 days	**113,290**	2,420,755
	1,445,680	37,655,204

As at 31 December 2009, other trade receivables of HK$113,290 (2008: HK$29,395,367) 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:

	2009	2008
	HK$	*HK$*
Up to 90 days	—	5,419,706
91–180 days	—	6,139,260
181–365 days	—	17,609,021
Over 365 days	**113,290**	227,380
	113,290	29,395,367

As at 31 December 2008, other trade receivables of HK$2,244,960 aged over 90 days 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:

	2009	2008
	HK$	*HK$*
Taiwan dollars	**38,783**	—
United States dollars	**1,195,415**	—
Hong Kong dollars	**14,915,012**	1,539,708
RMB	**1,300,888**	32,589,230
	17,450,098	34,128,938

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

	2009	2008
	HK$	*HK$*
At beginning of the year	**4,467,175**	2,193,375
Receivables written off as uncollectible	**(4,467,175)**	—
Provision for impairment of trade receivables	**—**	2,244,960
Exchange difference	**—**	28,840
At end of the year	**—**	4,467,175

10. TRADE PAYABLES

	2009	2008
	HK$	*HK$*
Amounts payable arising from securities broking:		
Margin clients	**533,554**	2,832,842
Cash clients	**44,063,889**	3,954,910
HKSCC (net)	**—**	659,540
Amounts payable arising from futures broking:		
Clients	**6,861,873**	529,347
Other trade payables	**336,286**	1,301,467
	51,795,602	9,278,106

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:

	2009	2008
	HK$	*HK$*
0–30 days	**21,674**	641,771
31–90 days	**—**	64,902
91–180 days	**—**	232,023
181–365 days	**3,164**	197,780
Over 365 days	**311,448**	164,991
	336,286	1,301,467

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

11. SHORT-TERM BANK LOAN

The short-term loan is due within one year and denominated in RMB.

The effective interest rate of the short-term bank loan as at 31 December 2009 is 5.31% per annum. The carrying amount of short-term bank loan approximates its fair value as the impact of discounting is not significant.

The short-term bank loan is secured by corporate guarantees issued by a related company, namely Shenzhen Guangxin Investment Company Limited.

12. LOAN PAYABLE UNDER CONTROL AGREEMENTS

	2009	2008
	HK$	*HK$*
The maturity of loan payable under control agreements is as follow:		
Within one year	**30,021,850**	—
Between one to two years	**32,854,100**	—
	62,875,950	—

13. DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31 December 2009 (2008: nil).

BUSINESS REVIEW

After the global financial turmoil in the year 2008, this year, in view of the economy regaining strength we have made several attempts to explore our business opportunities while the fear of the possible ensuing global recession was strangling the economy.

We continued to develop in the PRC market. In July 2009, one of the First China Financial Network Holdings Limited's subsidiaries (the "Company" and collectively the "Group") has entered into a joint venture agreement with Liaoning TV. The Liaoning First China JV was principally engaged in the development, operation and management of national financial services cable digital TV channel ("the Channel"). The Channel had been intended to provide a national trading platform for selling and marketing the Group's products all over China because the Group were attempting to market through the Channel the Group's products, including the "Stock e expert", in a bid to bring synergies to the Group. Nevertheless, because of the increasingly tight rules and regulations in PRC that has hampered the development of this line of business, in March 2010, the Group has disposed of its ownership interest to an independent third party.

During the year, the new line of business of financial mobile phones initiated by our Group had well been received by the market. The initial launch of 1,000 sets of financial mobile phones installed with "Stock e expert" was all sold within a short period. In light of the then good market response, the Group had launched a newly developed financial mobile terminal. Its size is slightly greater than that of a mobile phone, and is a hand held device providing a general functions of mobile phone, internet, GPS navigator, mobile TV, and financial services functions on provision of stock information and research, stock quotes and trading services, etc. The Group had established various cooperative business models with telecommunications service providers and securities firms in the PRC market in a bid to promote them to be a competitive product. The Group had entered into cooperative agreements with China Telecom Jinzhou Branch, Jinan Branch, Hunan Branch to build strategic alliance relationships. Due to tighter governmental regulations in PRC, our Group keep cautiously steady pace to develop this line of business.

In October 2009, we resolved to change the name of the Company to First China Financial Network Holdings Limited 首華財經網絡集團有限公司 because such change can better reflect the Group's most recent and major business development in the network business in the PRC market. These include the Group's latest development in the financial mobile phones, financial mobile terminals and financial mobile netbooks for delivering our financial services. In addition, the Company had invested in a cable TV network joint venture, which was once principally engaged in the development, operation and management of a national financial services cable digital pay TV channel. In view of such development of the Group, we changed the Company's name to reflect this.

In January 2010, one of the Group's subsidiaries has entered into an agreement to acquire the software copyright for a software 選股在線第一搜股軟件 (the "Stock Online First Stock Search Software"). The software is an investment analysis platform which relies on fundamental investment analysis methods. The transfer of the software copyright will include all rights relating to the software copyright, including the rights to amend, the rights to protection of the copyright, the duplication rights and the distribution rights. The acquisition will enable the Group to increase the competitive advantage in the market and increase the attractiveness of such services to its customers on expert intelligence analysis system and information system software, which will enhance its overall business performance.

FINANCIAL REVIEW

Results of the Group

The Group recorded total turnover of approximately HK$85,320,000 in 2009. Compared to the amount of HK$72,155,000 in 2008, there was an increase of approximately HK$13,165,000 or of approximately 18.2%. The increase in turnover was primarily attributable to the increase in income from provision of stock information and research services and commission income from securities and futures brokerage.

Profit for the year ended 31 December 2009 for the Group amounted to approximately HK$3,405,000, compared with the loss of approximately HK$626,262,000 for the corresponding period in 2008.

Compared with that in last year, the turnaround in the result from a loss to a profit this year was mainly attributable to the fact that no significant impairment of goodwill has been written off this year; it is unlike the situation in last year when such impairment amounted to over approximately HK$635,000,000. This year, goodwill arising from the acquisition of Shenzhen Sky Picture and its subsidiary amounted to approximately HK$18,654,000, while the fair value of a Stock Online, arising from the acquisition of the Shenzhen Sky Picture which owned and operated it, amounted to approximately RMB118,300,000 (equivalent to approximately HK$134,059,000). These amounts would be required to be tested for impairment annually, according to the Hong Kong Financial Reporting Standards. An independent valuer was engaged by the Group to conduct an annual valuation on goodwill and the valuation report was recently released. The Board considers that no impairment of goodwill would be required.

Disregarding the impact due to the valuation and writing-off of goodwill for this year and the comparative year, the Group generated profits of approximately HK$3,045,000 and HK$ 9,508,000 respectively, representing a fall of 67.9%. The fall is mainly due to the increase of employee benefits expenses, depreciation of property, plant and equipment and other operating expenses, representing a rise of 138.6%, 46.8% and 41.3% respectively.

Liquidity and financial resources

The Group is in healthy liquidity and financial position. As at 31 December 2009, the shareholders' fund of the Group amounted to approximately HK$162,227,000. As at 31 December 2009, the Group's cash and bank balances were approximately HK$88,906,000 (31 December 2008: approximately HK$74,379,000) of which approximately HK$34,901,000 were held on behalf of clients in trust and segregated accounts. 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 the end of 2009, the total number of the Company's issued shares had been increased to 2,954,123,215 shares after exercise of 20,000,000 share option 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. The total net amount of fund raised through such share option exercises was about HK$3,000,000 which has been applied as working capital of the Group.

As at 31 December 2009, the Group's total borrowings and long-term debts amounted to approximately HK$77,604,000. The Company had given a corporate guarantee to the extent of HK$45,000,000 during the year to a bank in respect of general banking facility granted to a subsidiary. During the year, no overdraft was drawn under this facility. Subsequent to 31 December 2009, the Company renewed the corporate guarantee to the extent of HK$23,000,000 to the same bank in respect of a renewed general bank facility granted to the same subsidiary.

Stock Information and Research Services

The total fee income of the stock information and research services unit amounted to approximately HK$71,029,000 for the year, representing an increase of approximately HK$13,042,000 or of approximately 22% compared with that of last year, mainly attributable to better customers' responses and growth in this line of business. This unit reported an operating profit before income tax expenses of approximately HK$16,638,000.

Brokerage and trading platform

Total turnover of this unit recorded was approximately HK$11,466,000 for the year ended 31 December 2009, compared with approximately HK$3,464,000 for the same period last year. Our brokerage commission increased significantly because of our adoption of successful strategy of recruiting experienced stockbrokers and developing the business of institutional investors which started from the first quarter of 2009. The unit recorded a loss of approximately HK$2,508,000 for the year.

Wealth Management Services

Owing to the continuing impact resulting from the significant downturn of global capital market since 2008, the total fee income of the wealth management division significantly decreased to approximately HK$2,860,000 (2008: approximately HK$10,716,000). This unit recorded a profit of approximately HK$638,000 for the year.

Corporate Finance Services

Due to the significant decline in demand for capital market investment, the Group has not recorded any fee income of this segment for the year.

OUTLOOK

Despite the global economic turmoil that happened in the year 2008, followed by numerous economic stimulation measures that different governments have taken to curb this, there were signs of recovery of the local economy ever since the second quarter of 2009.

Notwithstanding such encouraging signs, the competition in our local financial market was still increasingly intense. There is slim chance to obtain an accurate and reliable anticipation how the economy in the year 2010 will fare, in view of the requirement that these stimulus policies must take some time to see effect. The Hong Kong financial market is likely experiencing a great deal of uncertainty because of the fluctuating external economic environment.

The prospects of the China economy and its financial services markets continue to be our major focus. Our financial services continue to develop to be more comprehensive and improve to a more advanced and matured stage. The Group, as a financial service provider in the Greater China region, will strive to deliver improved and enhanced services to investors. Despite the industry-wide challenges and prevailing uncertainties, we keep focusing on the core competence of our existing businesses and leveraging our strength on the acquired business of First China Shenzhen, coupled with the dedication and efforts of our management and staff, the Group will be able to see a promising future. Our growth momentum definitely remains sustainable.

INTEREST ON 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 long term 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 2009 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 four meetings during the year and the attendance of its members was as follows:

Members	**Attendance**
Tsang Hing Lun	4/4
Zhang Benzheng	4/4
Yen Jong Ling	4/4

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 Network Holdings Limited
Lee Yiu Sun
Chief Executive Officer

Hong Kong
30 March 2010

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) one non-executive Director, namely Mr. Liu Runtong, and (iii) 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.

The English text of this final results shall prevail over the Chinese text in case of inconsistencies.