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 2010

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

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

HIGHLIGHTS

The Group recorded a turnover of approximately HK$48,989,000 for the year ended 31 December 2010.

Loss for the year ended 31 December 2010 was approximately HK$218,640,000.

Loss attributable to owners of the Company for the year ended 31 December 2010 amounted to approximately HK$215,332,000.

Both basic and diluted loss per share was approximately 6.12 HK cents.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2010.

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 2010 together with the comparative audited figures for the corresponding year in 2009.

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2010

	Note	2010 HK$	2009 HK$
Revenue	3	**48,989,233**	85,320,229
Other gains	5	**2,161,965**	1,615,036
Other income	6	**2,181,908**	1,987,495
Employee benefits expenses		**(55,193,170)**	(30,873,543)
Depreciation of property, plant and equipment		**(4,702,051)**	(3,630,306)
Amortization of intangible assets		**(4,800,905)**	(3,726,645)
Impairment of goodwill		**(53,811,784)**	—
Impairment of other intangible assets		**(131,026,047)**	—
Impairment of trade receivables		**(120,049)**	—
Impairment of other receivables		**(1,537,454)**	—
Finance costs		**(685,937)**	—
Other operating expenses		**(51,658,982)**	(39,671,275)
Share of losses of associates		**(364,161)**	(321,096)
(Loss)/profit before income tax	7	**(250,567,434)**	10,699,895
Income tax credit/(expense)	8	**31,927,626**	(7,654,821)
(Loss)/profit for the year		**(218,639,808)**	3,045,074
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
Currency translation differences:			
— Group		**4,594,992**	700,939
— Associates		**32,086**	237
Release of translation reserve upon disposal of a subsidiary		**(258)**	(224,114)
Other comprehensive income for the year, net of tax		**4,626,820**	123,636
Total comprehensive (loss)/income for the year		**(214,012,988)**	3,168,710

	Note	2010 HK$	2009 HK$
(Loss)/profit for the year attributable to:			
Owners of the Company		**(215,332,026)**	3,404,795
Non-controlling interests		**(3,307,782)**	(359,721)
		(218,639,808)	3,045,074
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(210,646,237)**	3,528,170
Non-controlling interests		**(3,366,751)**	(359,460)
		(214,012,988)	3,168,710
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company during the year			
— basic	*9*	**(6.12 HK cents)**	0.12 HK cents
— diluted	*9*	**(6.12 HK cents)**	0.12 HK cents

Consolidated Statement of Financial Position
As at 31 December 2010

	Note	2010 HK$	2009 HK$
Non-current assets			
Property, plant and equipment		**12,513,884**	13,315,420
Intangible assets		**81,373**	177,090,438
Statutory deposits and other assets		**575,000**	2,075,000
Investments in associates		**669,056**	1,001,131
		13,839,313	193,481,989
Current assets			
Inventories		**41,289**	—
Held-for-trading investments		**3,217,558**	—
Current income tax recoverable		**2,201,858**	—
Trade receivables	*10*	**6,186,956**	17,450,098
Prepayment, deposits and other receivables		**55,886,187**	34,494,867
Amount due from an associate		**2,501,961**	2,396,430
Bank balances and cash		**131,892,718**	88,905,605
		201,928,527	143,247,000
Total assets		**215,767,840**	336,728,989
Current liabilities			
Trade payables	*11*	**29,394,041**	51,795,602
Other payables and accruals		**14,136,997**	7,358,246
Short-term bank loan	*12*	—	14,727,700
Loan payable under control agreements — amount due within one year	*13*	—	30,021,850
Current income tax liabilities		—	5,622,887
		43,531,038	109,526,285
Net current assets		**158,397,489**	33,720,715
Total assets less current liabilities		**172,236,802**	227,202,704

	Note	**2010**	2009
		HK$	*HK$*
Non-current liabilities			
Loan payable under control agreements			
— amount due after one year	*13*	—	32,854,100
Deferred income tax liabilities		—	31,456,395
		—	64,310,495
Net assets		**172,236,802**	162,892,209
Capital and reserves			
Share capital		**38,289,642**	29,541,232
Share premium		**862,819,484**	495,488,494
Special reserve		**4,778,740**	4,778,740
Translation reserve		**8,836,527**	4,150,738
Shares to be issued		**168,000,000**	336,000,000
Share options reserve		**14,460,609**	28,921,218
Share-based compensation reserve		**24,177,746**	795,173
Accumulated losses		**(952,015,652)**	(737,448,308)
Equity attributable to owners of the Company		**169,347,096**	162,227,287
Non-controlling interests		**2,889,706**	664,922
Total equity		**172,236,802**	162,892,209

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

	Attributable to owners 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	Non-controlling interests	Total equity
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Balance as at 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 non-controlling 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

	Attributable to owners of the Company										
	Share capital HK$	Share premium HK$	Special reserve HK$	Translation reserve HK$	Shares to be issued HK$	Share options reserve HK$	Share-based compensation reserve HK$	Accumulated losses HK$	Total HK$	Non-controlling interests HK$	Total equity HK$
Balance as at 31 December 2009 and 1 January 2010	**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**
Total comprehensive loss for the year	—	—	—	**4,685,789**	—	—	—	**(215,332,026)**	**(210,646,237)**	**(3,366,751)**	**(214,012,988)**
Capital contributions from non-controlling interests	—	—	—	—	—	—	—	—	—	**5,088,160**	**5,088,160**
Disposal of a subsidiary	—	—	—	—	—	—	—	—	—	**(45,018)**	**(45,018)**
Disposal of partial equity interest in a subsidiary that do not result in a loss of control	—	—	—	—	—	—	—	**764,682**	**764,682**	**395,294**	**1,159,976**
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)**	—	—	—	—	—
Issue of Consideration Shares	**2,000,000**	**166,000,000**	—	—	**(168,000,000)**	—	—	—	—	—	—
Issue of Bonus Shares	**74,783**	**6,206,960**	—	—	—	—	—	—	**6,281,743**	—	**6,281,743**
Issue of new shares by way of Open Offer	**6,381,607**	**178,684,992**	—	—	—	—	—	—	**185,066,599**	—	**185,066,599**
Transaction costs attributable to issue of new shares	—	**(2,424,551)**	—	—	—	—	—	—	**(2,424,551)**	—	**(2,424,551)**
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	—	**153,099**	**153,099**
Share option scheme — issue of shares under the share option scheme	—	—	—	—	—	—	**23,382,573**	—	**23,382,573**	—	**23,382,573**
Issue of new shares for acquisition of intangible asset	**92,020**	**1,602,980**	—	—	—	—	—	—	**1,695,000**	—	**1,695,000**
Balance as at 31 December 2010	**38,289,642**	**862,819,484**	**4,778,740**	**8,836,527**	**168,000,000**	**14,460,609**	**24,177,746**	**(952,015,652)**	**169,347,096**	**2,889,706**	**172,236,802**

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 stock information and research analysis services and trading and principal investments in the People's Republic of China (the "PRC"), provision of securities and futures trading services, corporate finance consultancy services, trading and principal investments in Hong Kong and wealth management services in Hong Kong and the PRC.

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands. The Company's registered office is situated at 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").

The consolidated financial statements are presented in Hong Kong dollars, while the functional currencies of certain subsidiaries are presented in Renminbi ("RMB"). The Company has selected Hong Kong dollar as its presentation currency because the management considered it is more beneficial to the user of the consolidated financial statements. These consolidated financial statements were approved and authorized for issue by the board of directors on 30 March 2011.

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.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention, as modified by available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of the consolidated 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.

Change in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning on or after 1 January 2010 by the Group.

HKFRS 3 (revised)	"Business combinations"
HKAS 27 (revised)	"Consolidated and separate financial statements"

Except for the adoption of HKFRS 3 (revised) and HKAS 27 (revised), the adoption of other new and amended standards and interpretations does not have material impact on these consolidated financial statements and does not result in substantial changes to the Group's accounting policies.

(b) *New standards, amendments and interpretations that are published and potentially relevant to the Group's operations, but not yet effective and have not been early adopted by the Group:*

- HKFRS 1 (Amendment), "Limited exemption from comparative HKFRS 7 disclosures for first-time adopters" (effective for the Group for annual periods beginning on or after 1 January 2011).

- HKFRS 7 (Amendment), "Financial instruments: Disclosures" (effective for the Group for annual periods beginning on or after 1 January 2011).

- HKFRS 9, "Financial instruments" (effective for the Group for annual periods beginning on or after 1 January 2013).

- HKAS 12 (Amendment), "Deferred tax: Recovery of underlying assets" (effective for the Group for annual periods beginning on or after 1 January 2012).

- HKAS 24 (revised), "Related party disclosures" (effective for the Group for annual periods beginning on or after 1 January 2011).

- HKAS 32 (Amendment), "Classification of rights issues" (effective for the Group for annual periods beginning on or after 1 January 2011).

- HK (IFRIC) — Int 19, "Extinguishing financial liabilities with equity instruments" (effective for the Group for annual periods beginning on or after 1 January 2011).

- HK (IFRIC) — Int 14 (Amendment), "Prepayments of a minimum funding requirement" (effective for the Group for annual periods beginning on or after 1 January 2011).

The adoption of the above standards, amendments and interpretations to existing standards in future periods is not expected to result in substantial changes to the Group's accounting policies.

In addition, HKICPA also published a number of amendments to the existing standards under its annual improvement projects. These amendments are not expected to have a significant financial impact on the results and financial position of the Group.

(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 rececovable amount. The assessment of the recoverable amount requires the use of estimates and assumptions.

(e) *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 end of the reporting period.

3. REVENUE

	2010 HK$	2009 HK$
Income from provision of a trading platform	**164,767**	163,918
Commission income from securities and futures brokerage, and infrastructure broking service fee	**13,877,575**	10,880,048
Interest income from clients	**315,399**	422,401
Net fair value gains/(losses) on securities trading	**2,258,847**	(34,971)
Income from provision of wealth management services	**1,506,954**	2,859,782
Income from provision of stock information and research services	**30,865,691**	71,029,051
	48,989,233	85,320,229

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 investments; (5) provision of wealth management services; and (6) provision of stock information and research services.

The segment information of the reportable segments for the year ended 31 December 2010 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 investments HK$	Wealth management services HK$	Stock information and research services HK$	Total HK$
Segment revenue from external customers	164,767	14,192,974	—	2,258,847	1,506,954	30,865,691	48,989,233
Segment results	13,127	(2,239,447)	(5,240)	777,631	(249,943)	(154,794,229)	(156,498,101)
Net unallocated expenses							(39,430,613)
Finance costs							(685,937)
Interest income							223,162
Impairment of goodwill						(53,811,784)	(53,811,784)
Share of losses of associates						(364,161)	(364,161)
Loss before income tax							(250,567,434)
Income tax credit							31,927,626
Loss for the year							(218,639,808)

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$*	Trading and principal investments *HK$*	Wealth management services *HK$*	Stock information and research services *HK$*	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 losses 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

Other segment information for the year ended 31 December 2010 is as follows:

	Provision of a trading platform ***HK$***	**Brokerage and securities margin financing, and infrastructure broking services** ***HK$***	**Corporate finance services** ***HK$***	**Trading and principal investments** ***HK$***	**Wealth management services** ***HK$***	**Stock information and research services** ***HK$***	**Unallocated** ***HK$***	**Total** ***HK$***
Depreciation and amortization	**—**	**997,522**	**—**	**187,663**	**80,230**	**7,183,540**	**1,054,001**	**9,502,956**
Impairment of goodwill	**—**	**—**	**—**	**—**	**—**	**53,811,784**	**—**	**53,811,784**
Impairment of intangible assets	**—**	**—**	**—**	**—**	**—**	**131,026,047**	**—**	**131,026,047**
Impairment of trade receivables	**—**	**—**	**—**	**—**	**—**	**120,049**	**—**	**120,049**
Impairment of other receivables	**—**	**—**	**—**	**—**	**—**	**1,537,454**	**—**	**1,537,454**

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$*	Trading and principal investments *HK$*	Wealth management services *HK$*	Stock information and research services *HK$*	Unallocated *HK$*	Total *HK$*
Depreciation and amortization	—	1,127,597	—	40,441	65,522	5,397,864	725,527	7,356,951

Segment assets consist primarily of property, plant and equipment, intangible assets, statutory deposits and other assets, investments in associates, 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 2010 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$*	**Trading and principal investments** *HK$*	**Wealth management services** *HK$*	**Stock information and research services** *HK$*	**Unallocated** *HK$*	**Total** *HK$*
Segment assets	**73,456**	**63,688,267**	**213,383**	**1,750,318**	**853,674**	**72,491,601**	**76,028,085**	**215,098,784**
Investments in associates	**—**	**—**	**—**	**—**	**—**	**669,056**	**—**	**669,056**
	73,456	**63,688,267**	**213,383**	**1,750,318**	**853,674**	**73,160,657**	**76,028,085**	**215,767,840**
Segment liabilities	**1,369**	**29,888,691**	**—**	**—**	**153,686**	**11,877,369**	**1,609,923**	**43,531,038**
Capital expenditure								
Additions of property, plant and equipment	**—**	**60,725**	**—**	**—**	**11,564**	**1,863,108**	**1,752,012**	**3,687,409**
Additions of intangible assets	**—**	**—**	**—**	**—**	**—**	**3,628,967**	**—**	**3,628,967**

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$*	Trading and principal investments *HK$*	Wealth management services *HK$*	Stock information and research services *HK$*	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 Group mainly operates in Hong Kong and the PRC.

	2010 *HK$*	2009 *HK$*
Revenue		
Hong Kong	**15,457,869**	14,104,121
The PRC	**33,531,364**	71,216,108
	48,989,233	85,320,229

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

	2010 *HK$*	2009 *HK$*
Total assets		
Hong Kong	**142,010,401**	86,258,062
The PRC	**73,088,383**	249,469,796
	215,098,784	335,727,858
Investments in associates	**669,056**	1,001,131
	215,767,840	336,728,989

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

	2010	2009
	HK$	*HK$*
Capital expenditure		
Hong Kong	**1,812,737**	1,520,625
The PRC	**5,503,639**	161,375,436
	7,316,376	162,896,061

Capital expenditure is allocated on where the assets are located.

5. OTHER GAINS

	2010	2009
	HK$	*HK$*
Gain on disposal of property, plant and equipment	—	19,303
Gain on disposal of partial equity interest in a subsidiary	—	197,320
Gain on disposal of subsidiaries	**2,161,965**	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
	2,161,965	1,615,036

6. OTHER INCOME

	2010	2009
	HK$	*HK$*
CCASS fee income	**1,398,768**	974,602
Handling fee income	**129,811**	111,109
Interest income on bank deposits	**222,911**	21,718
Other interest income	**251**	2,317
Dividend income from listed investments	—	19,648
Sundry income	**430,167**	858,101
	2,181,908	1,987,495

7. (LOSS)/PROFIT BEFORE INCOME TAX

	2010	2009
	HK$	*HK$*
(Loss)/profit before income tax has been arrived at after charging:		
Auditors' remuneration	**750,000**	680,000
Loss on disposal of associates	**—**	75,454
Loss on disposal of property, plant and equipment	**30,945**	—
Operating lease rentals in respect of rented premises	**7,498,227**	7,162,926

8. INCOME TAX CREDIT/(EXPENSE)

Hong Kong Profits Tax is calculated at the rate of 16.5% (2009: 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 (2009: 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.

	2010	2009
	HK$	*HK$*
Current income tax		
— Hong Kong Profits Tax	**—**	—
— PRC Corporate Income Tax	**—**	8,400,150
Total current tax	**—**	8,400,150
Deferred income tax:		
Reversal of temporary differences	**(31,927,626)**	(745,329)
Income tax (credit)/expense	**(31,927,626)**	7,654,821

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the Hong Kong Profits Tax rate of 16.5% (2009: 16.5%) as follows:

	2010	2009
	HK$	*HK$*
(Loss)/profit before income tax	**(250,567,434)**	10,699,895
Tax calculated at Hong Kong Profits Tax rate of 16.5% (2009: 16.5%)	**(41,343,627)**	1,765,483
Tax effect of:		
— Different tax rates of subsidiaries operating in other jurisdictions	**(10,417,363)**	1,181,763
— Income not subject to tax	**(512,251)**	(283,513)
— Expenses not deductible for tax purposes	**44,756,847**	313,222
— Others	**7,516,394**	4,677,866
— Reversal of deferred tax liabilities	**(31,927,626)**	—
Tax (credit)/charge	**(31,927,626)**	7,654,821

9. (LOSS)/EARNINGS PER SHARE

Basic

Basic (loss)/earnings per share is calculated by dividing the loss attributable to owners of the Company for the year ended 31 December 2010 of HK$215,332,026 (2009: profit of HK$3,404,795) by the weighted average number of 3,520,893,208 (2009: 2,953,356,092) ordinary shares in issue during the year.

Diluted

The computation of diluted loss per share for the year ended 31 December 2010 did not assume the exercise of the Company's share options outstanding during the year ended 31 December 2010 since their exercise would result in a decrease in loss per share.

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 year ended 31 December 2009.

	2010	2009
(Loss)/earnings		
(Loss)/profit attributable to owners of the Company	**(HK$215,332,026)**	HK$3,404,795
(Loss)/profit used to determine diluted (loss)/earnings per share	**(HK$215,332,026)**	HK$3,404,795
Weighted average number of ordinary shares in issue	**3,520,893,208**	2,953,356,092
Adjustments for share options	—	140,464
Adjustments for option	—	275,377
Weighted average number of ordinary shares for diluted (loss)/earnings per share	**3,520,893,208**	2,953,771,933

10. TRADE RECEIVABLES

	2010	2009
	HK$	*HK$*
Amounts receivable arising from securities broking:		
Margin clients	**848,149**	377,318
Cash clients	**2,319,204**	574,853
Brokers and dealers	**6**	6
HKSCC (net)	**2,730,025**	9,075,739
Amounts receivable arising from futures broking:		
Brokers and dealers	—	1,907,606
HKFECC	—	4,068,896
Other trade receivables	**412,764**	1,445,680
	6,310,148	17,450,098
Less: provision for impairment of trade receivables	**(123,192)**	—
Trade receivables, net	**6,186,956**	17,450,098

The other trade receivables included an amount due from non-controlling interests of approximately HK$172,000 (2009: Nil). The amount is unsecured, interest-free, denominated in Hong Kong dollar, and repayable on demand.

Amounts receivable from margin clients are repayable on demand, bearing interest at prevailing market rates and are secured by clients' pledged securities which are listed on the Stock Exchange with a total market value of approximately HK$32,497,000 as at 31 December 2010 (2009: HK$14,145,000). 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 2010, trade receivables of HK$123,192 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 services are with credit term of 30 to 90 days (2009: 30 to 90 days).

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

	2010	2009
	HK$	*HK$*
0–30 days	**289,572**	1,332,390
31–90 days	**—**	—
91–180 days	**—**	—
181–365 days	**—**	—
Over 365 days	**123,192**	113,290
	412,764	1,445,680

As at 31 December 2009, other trade receivables of HK$113,290 was 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 other trade receivables (net of provision of impairment) is as follows:

	2010	2009
	HK$	*HK$*
Up to 90 days	**—**	—
91–180 days	**—**	—
181–365 days	**—**	—
Over 365 days	**—**	113,290
	—	113,290

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

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

	2010	2009
	HK$	*HK$*
Taiwan dollars	—	38,783
United States dollars	—	1,195,415
Hong Kong dollars	**6,088,855**	14,915,012
RMB	**98,101**	1,300,888
	6,186,956	17,450,098

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

	2010	2009
	HK$	*HK$*
At beginning of the year	—	4,467,175
Receivables written off as uncollectible	—	(4,467,175)
Provision for impairment of trade receivables	**120,049**	—
Exchange differences	**3,143**	—
At end of the year	**123,192**	—

11. TRADE PAYABLES

	2010	2009
	HK$	*HK$*
Amounts payable arising from securities broking:		
Margin clients	**501,539**	533,554
Cash clients	**28,707,947**	44,063,889
Amounts payable arising from futures broking:		
Clients	—	6,861,873
Other trade payables	**184,555**	336,286
	29,394,041	51,795,602

Amounts payable to margin clients are repayable on demand and bearing 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 end of the reporting period:

	2010	2009
	HK$	*HK$*
0–30 days	**46,348**	21,674
31–90 days	**—**	—
91–180 days	**—**	—
181–365 days	**—**	3,164
Over 365 days	**138,207**	311,448
	184,555	336,286

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

12. SHORT-TERM BANK LOAN

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

As at 31 December 2009, the short-term bank loan was secured by corporate guarantees issued by a related company, namely Shenzhen Guangxin Investment Company Limited.

13. LOAN PAYABLE UNDER CONTROL AGREEMENTS

	2010	2009
	HK$	*HK$*
The maturity of loan payable under control agreements is as follows:		
Within one year	**—**	30,021,850
Between one to two years	**—**	32,854,100
	—	62,875,950

14. DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31 December 2010 (2009: nil).

BUSINESS REVIEW

During the year of 2010, the local financial market was fiercely competitive. The market experienced an increasing value and trade volume because of the increasing hot money inflow. The growth of PRC economy continued to be exciting and Renminbi currency moderately appreciated. It let our Group have a good result in brokerage and margin financing business. Continuing with our strategic plan in last year, we have attempted to expand in several areas; it was later counteracted by tightened policy the PRC government subsequently adopted. The new policy invigorates the registration of the industry players in securities consultancies, stock information and research analysis. It lowered the normal revenue earned by our major subsidiaries in Shenzhen. Its operation was unfavourably affected.

To operate in view of the development in PRC market, we carried out a divestment of our entire interest in First China futures business with a consideration of approximately HK$10.7 million in a bid to optimize our operational position, though not ruling out the possibility, given our built-up reputation in futures industry and experienced staff as we retain in our Group, of exploring this line of business again.

In May 2010, we launched an open offer on the basis of one offer share for every five existing shares ("Open Offer"). The Open Offer was complete in mid-June 2010. It was oversubscribed by 40.48% based on the total number of offer shares. The total number of excess offer shares validly applied for by the qualifying shareholders represented about 4.11 times of the offer shares available for the excess applications. No shares were underwritten. Consequentially we repaid a loan under control agreements. It fulfilled part of the plan that the prospectus stipulated as the Company circularized during the Open Offer.

In August 2010, a wholly owned subsidiary of the Company entered into a memorandum of understanding with certain independent third parties ("Vendors") in relation to acquiring 20% equity interest in a sino-foreign equity joint venture. According to the Vendors, this joint venture holds an exploitation right in respect of certain iron and copper ore mining sites situated in Zhaoqing of Guangdong Province, PRC. The project is under negotiation for the time being.

While the integration of our business focus seemed to be promising during the interim period, the news about tightened control by the PRC government and the China Securities and Futures Commission was rampant; it concerned the registration issues of the entities engaged in securities consultancy, stock information and research analysis services. It exerted a knock-on effect on our Shenzhen's subsidiaries' operations, triggering a temporary standstill.

In the meantime, like previous years, the securities trading market remains an important portion of our core business; for the sake of economy of scales, in October and November 2010, we entered into two agreements respectively for acquiring two properties at considerations of HK$38.5 million and HK$39.8 million. Both were financed with mortgages. The premises are located in Central. It would help our business plan, securing us a better environment in alliance with various potential strategic partners in the same location. Considerable rental expenses would be saved having self-owned properties rather than leased properties. The legal title passed to the Group after year end date because the related mortgages were completed in the year 2011.

FINANCIAL REVIEW

Results of the Group

The Group recorded total turnover of approximately HK$48.9 million in 2010. Compared with the amount of approximately HK$85.3 million last year, there was a decrease of approximately HK$36.4 million or of approximately 42.6%. The decrease in turnover was primarily caused by decrease in income from provision of stock information and research services from Shenzhen operation.

Loss for the year amounted to approximately HK$218.6 million compared with profit of approximately HK$3.0 million for the corresponding year. The loss of the year encompassed impairments of goodwill, other intangible assets, trade receivables and other receivables. They totalled approximately HK$186.5 million (2009: nil). Besides, there were deductions of depreciation and amortization of non-current assets as well as intangible assets totalling HK$9.5 million (2009: HK$7.3 million). Another non-cash and non-recurring item included in the employee benefits expenses was share-based compensation expenses for share options granted to the directors and employees of HK$23.3 million (2009: nil). Taking a rather holistic point of view, the results showed a profit of approximately HK$0.7 million (2009: profit of approximately HK$10.4 million), as summarized like below:

	2010	2009
	HK$'000	HK$'000
(Loss)/profit attributable to owners of the Company	**(215,332)**	3,404
Add: non-controlling interests	**(3,307)**	(359)
(Loss)/profit for the year	**(218,639)**	3,045
Add: impairment of goodwill	**53,811**	—
impairment of other intangible assets	**131,026**	—
impairment of trade receivables	**120**	—
impairment of other receivables	**1,537**	—
depreciation of property, plant and equipment	**4,702**	3,630
amortization of intangible assets	**4,800**	3,726
share-based compensation expenses	**23,382**	—
Profit before impairments, depreciation, amortisation and share-based compensation expenses	**739**	10,401

The impairments include impairing the carrying value of goodwill arising from the acquisition of GoHi Holdings Limited and Shenzhen Sky Picture Communications Co. Ltd. (the "Shenzhen Sky Picture") for the year ended 31 December 2010. They amounted to approximately HK$53.8 million in total. Other impairments were accrued against the carrying values of website and software, in total of approximately HK$131.0 million. These intangible assets were required to be tested for impairment annually according to Hong Kong Financial Reporting Standards. An independent valuer was engaged by the Group to conduct an annual valuation on goodwill, website and software; a valuation report was recently released. The Board considered that approximately HK$184.8 million in aggregate was required for the impairment of goodwill, website and software for the year ended 31 December 2010.

In spite of this, as of the latest practicable date, the Group's market capitalization remains at over HK$900 million. Net asset values of the Group were approximately HK$391.5 million and HK$172.2 million, respectively before and after impairments, depreciation, amortization and share-based compensation expenses. Therefore the financial results of the Group for 2010 reflected a rather prudent approach making all these impairments in light of tightened policy of the PRC government on regulating the securities and investment consultancy sector of the PRC in which the Group operates. They were made for the financial reporting requirement only.

Liquidity and financial resources

The Group is in healthy liquidity and financial position. As at 31 December, 2010, the shareholders' fund of the Group amounted to approximately HK$169.3 million. As at 31 December, 2010, the Group's cash and bank balances were approximately HK$131.9 million (31 December 2009: approximately HK$88.9 million) of which approximately HK$26.9 million 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 2010, the total number of the Company's shares had been increased to 3,828,964,120 shares, after (i) issue of 200,000,000 consideration shares, 7,478,265 bonus shares as well as 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 proceeds from the exercise of share option was applied as working capital of the Company; (ii) issue of 9,201,954 consideration shares as part of the consideration in purchasing the right for a software, and (iii) issue of 638,160,686 ordinary shares in the Open Offer, the total net amount was applied as working capital of the Group and repayment of a loan under control agreements.

The Group did not have any borrowings and long-term debts at the end of the year in 2010. The Company has given a corporate guarantee to the extent of HK$23 million to a bank in respect of general banking facility granted to a subsidiary. However, no overdraft was drawn under this facility at the end of the reporting period.

Stock Information and Research Services

The total fee income of the stock information and research services unit significantly decreased to approximately HK$30.9 million for the year, representing a decrease of approximately HK$40.2 million or of approximately 56.5% compared with that of last year; this unit reported loss before income tax expense of approximately HK$154.8 million, representing turn-around to a loss from profit of last year. It was mainly attributable to tightened policy of the PRC government on regulating the securities and investment consultancy sector of the PRC in which the Group's operates, which is relatively less favourable to foreign enterprise's participation. It resulted in impairments of the intangible assets, other receivables and trade receivables.

Brokerage and trading platform

Total turnover of this unit recorded was approximately HK$14.4 million for the year ended 31 December 2010, compared with approximately HK$11.5 million for the same period last year. The increase was due to the robust equity trade market. It boost the commission earnings. The unit recorded a loss of approximately HK$2.2 million for the year. The loss narrowed.

Wealth Management Services

The significant downturn of global capital market continued to take effect; the total fee income of the wealth management division decreased to approximately HK$1.5 million for the year from approximately HK$2.9 million for the same period last year. This unit recorded turned to a loss of approximately HK$0.2 million for the year compared with a profit last year.

Corporate Finance Services

This segment remained inactive during the year under review.

OUTLOOK

While Hong Kong is taken to be an offshore hub for Renminbi business and an international centre for asset management, industry participants are increasingly interested in securing a market share. Increasing interaction with China provides more and more opportunities for them in doing Renminbi business. Since the first quarter of the current year 2011, we have been preparing our operation for Renminbi-dominated product trade and comply with the regulators requirements by opening legitimate accounts in case the opportunities arise.

Our core business in providing financial services remains unchanged. We have built up our reputation in securities market, providing superior top-class services to our customers of high net worth. As we have mentioned above, we are looking for revival of our futures business because those staff working with us in securities division have very good industry experience; application to the Securities and Futures Commission for futures licenses for one of our major subsidiaries is in progress. We trust that good news would come soon. Besides, our asset management division is there in preparation for profitable opportunities; with spectacular industry history the potential is big.

Our capital base has been strengthened since our open offer last year; we acquired two self-owned properties with aims for long term development. Apart from the mining project under negotiation in progress since last year we announced in August 2010, we are looking at several other projects having potentials in bringing profits and value to our shareholders.

We are dedicated to make efficient use of our human resources and financial capability to explore profiteering opportunities; on one hand the Group continuously streamlines our business based on our solid foundation in securities trade industry and on the other hand, the Group keeps pace with the dynamic market condition and gets hold of every lucrative opportunity to start on the road to brighter future.

CHARGES ON ASSETS

As at 31 December 2010, the Group did not have any charges on its assets (2009: Nil).

CONTINGENT LIABILITIES

As at 31 December 2010, the Group did not have any contingent liabilities (2009: Nil).

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

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

EMPLOYEE INFORMATION

As at 31 December 2010, the Group had a workforce of 393 employees (2009: 436). The total staff costs, including directors' emoluments, amounted to about HK$55.1 million for the year ended 31 December 2010 (2009: approximately HK$30.8 million). The increase comprises approximately HK$23.3 million of share-based compensation expenses.

The Group's remuneration policies are reviewed on an annual basis and commensurate with the industry pay level. The remuneration package includes basic salary, provident fund, medical benefits and discretionary bonus. The Group has also adopted a share option scheme as an added incentive for its employees. During the year, the Company granted in total of 84,000,000 new share options to the then existing directors or certain eligible employees.

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. As at year end date, the Audit Committee consisted of three independent non-executive directors, Dr. Tsang Hing Lun, Professor Zhang Benzheng and Mr. Zhang Fei Ze. Dr. Tsang and Mr. Zhang resigned respectively on 6 January 2011 and 28 March 2011 due to their commitment to other business engagements. The Board has appointed two independent non-executive directors Mr. Tony I Tong and Mr. Li Jianxing, to fill the vacancies as the chairman and a member of the committee effective on 28 March 2011.

The Audit Committee has reviewed the financial statements of the Group for the year ended 31 December 2010 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 Number of meetings attended/ Number of meetings during term of service**
Tsang Hing Lun (resigned on 6 January 2011)	4/4
Zhang Benzheng	4/4
Yen Jong Ling (resigned on 31 March 2010)	1/4
Zhang Fei Ze (appointed on 20 May 2010 and resigned on 28 March 2011)	2/4

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
Lee Yiu Sun
Chief Executive Officer

Hong Kong, 30 March 2011

As of the date of this announcement, the executive Directors are Mr Wang Wenming and Mr Lee Yiu Sun, the non-executive Director is Mr Liu Runtong and the independent non-executive Directors are Professor Zhang Benzheng, Mr Li Jianxing and Mr Tony I Tong.

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.