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 2013

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

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

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

HIGHLIGHTS

The Group recorded a turnover from continuing operations of approximately HK$14,810,000 for the year ended 31 December 2013.

Loss for the year ended 31 December 2013 was approximately HK$33,978,000.

Loss attributable to owners of the Company for the year ended 31 December 2013 amounted to approximately HK$34,034,000.

Both basic and diluted loss per share were 0.81 HK cents.

The Directors do not recommend the payment of a dividend for the year ended 31 December 2013.

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 2013 together with the comparative audited figures for the corresponding period in 2012.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2013

	Note	**2013** *HK$*	2012 *HK$* (Restated)
Continuing operations			
Revenue	3	**14,809,860**	9,185,990
Cost of sales		**—**	(602,125)
Gross profit		**14,809,860**	8,583,865
Other income	5	**470,679**	1,144,096
Employee benefits expenses		**(15,433,126)**	(13,491,384)
Depreciation of property, plant and equipment		**(4,525,365)**	(4,823,203)
Amortization of intangible assets		**(2,518,360)**	(2,451,900)
Impairment of goodwill		**(3,700,843)**	(581,950)
Impairment of intangible assets		**—**	(499,999)
Impairment of trade receivables		**(119,484)**	(51,884)
Impairment of other receivables		**—**	(874,185)
Write-down of inventories		**(5,036,720)**	(4,903,800)
Finance costs	6	**(457,438)**	(508,885)
Other operating expenses		**(25,956,731)**	(25,899,123)
Share of losses of associates		**—**	(328,356)
Loss before income tax	7	**(42,467,528)**	(44,686,708)
Income tax (expense)/credit	8	**(844,111)**	181,522
Loss for the year from continuing operations		**(43,311,639)**	(44,505,186)
Discontinued operation			
Profit for the year from discontinued operation	9	**9,333,152**	5,097,537
Loss for the year		**(33,978,487)**	(39,407,649)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences:			
— Group		**1,061,504**	662,154
— Associates		**450**	9,515
Release of translation reserve upon disposal of a subsidiary		**—**	(544,796)
Other comprehensive income for the year, net of tax		**1,061,954**	126,873
Total comprehensive expense for the year		**(32,916,533)**	(39,280,776)

	Note	2013 HK$	2012 HK$ (Restated)
(Loss)/profit attributable to:			
Owners of the Company		**(34,033,645)**	(39,019,328)
Non-controlling interests		**55,158**	(388,321)
		(33,978,487)	(39,407,649)
(Loss)/profit attributable to owners of the Company arises from:			
Continuing operations		**(43,366,797)**	(44,116,865)
Discontinued operation		**9,333,152**	5,097,537
		(34,033,645)	(39,019,328)
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		**(32,972,409)**	(38,860,285)
Non-controlling interests		**55,876**	(420,491)
		(32,916,533)	(39,280,776)
Total comprehensive (expense)/income attributable to owners of the Company arises from:			
Continuing operations		**(42,305,561)**	(43,957,822)
Discontinued operation		**9,333,152**	5,097,537
		(32,972,409)	(38,860,285)
(Loss)/earnings per share from continuing and discontinued operations attributable to owners of the Company for the year			
Basic (loss)/earnings per share *(HK cents)*			
From continuing operations	10	**(1.03)**	(1.10)
From discontinued operation	10	**0.22**	0.13
From loss for the year		**(0.81)**	(0.97)
Diluted (loss)/earnings per share *(HK cents)*			
From continuing operations	10	**(1.03)**	(1.10)
From discontinued operation	10	**0.22**	0.13
From loss for the year		**(0.81)**	(0.97)

Consolidated Statement of Financial Position
As at 31 December 2013

	Note	2013 HK$	2012 HK$
Non-current assets			
Property, plant and equipment		**43,716,964**	44,033,446
Investment property		**—**	46,500,000
Intangible assets		**2**	6,121,855
Statutory deposits and other assets		**6,907,850**	2,030,000
Investment in an associate		**15,920**	15,470
		50,640,736	98,700,771
Current assets			
Inventories		**694,038**	5,458,255
Trade receivables	11	**6,488,374**	4,148,882
Prepayments, deposits and other receivables		**13,167,388**	16,403,502
Current income tax recoverable		**—**	1,457,827
Bank balances and cash		**83,131,819**	20,352,602
		103,481,619	47,821,068
Total assets		**154,122,355**	146,521,839
Current liabilities			
Trade payables	12	**8,681,727**	8,137,097
Other payables and accruals		**7,421,149**	2,978,423
Amount due to an associate		**298**	290
Current income tax liabilities		**1,039,011**	—
Borrowings	13	**14,206,092**	33,066,172
		31,348,277	44,181,982
Net current assets		**72,133,342**	3,639,086
Total assets less current liabilities		**122,774,078**	102,339,857
Non-current liabilities			
Deferred income tax liabilities		**4,016,263**	4,197,812
		4,016,263	4,197,812
Net assets		**118,757,815**	98,142,045

	2013	2012
	HK$	*HK$*
Capital and reserves		
Share capital	**44,589,602**	40,289,642
Share premium	**1,075,500,687**	1,028,819,484
Special reserve	**4,778,740**	4,778,740
Translation reserve	**10,791,302**	9,730,066
Warrants reserve	**223,224**	223,224
Share-based compensation reserve	**23,254,749**	23,254,749
Accumulated losses	**(1,042,987,506)**	(1,008,953,861)
Equity attributable to owners of the Company	**116,150,798**	98,142,044
Non-controlling interests	**2,607,017**	1
Total equity	**118,757,815**	98,142,045

Consolidated Statements of Changes in Equity
For the year ended 31 December 2013

	Attributable to owners of the Company									
	Share capital *HK$*	**Share premium** *HK$*	**Special reserve** *HK$*	**Translation reserve** *HK$*	**Warrants reserve** *HK$*	**Share-based compensation reserve** *HK$*	**Accumulated losses** *HK$*	**Total** *HK$*	**Non-controlling interests** *HK$*	**Total equity** *HK$*
Balance as at 1 January 2012	40,289,642	1,028,819,484	4,778,740	9,571,023	223,224	23,254,749	(969,934,533)	137,002,329	(3,557,730)	133,444,599
Total comprehensive expense for the year	—	—	—	159,043	—	—	(39,019,328)	(38,860,285)	(420,491)	(39,280,776)
Disposal of subsidiaries	—	—	—	—	—	—	—	—	3,978,222	3,978,222
Balance as at 31 December 2012	40,289,642	1,028,819,484	4,778,740	9,730,066	223,224	23,254,749	(1,008,953,861)	98,142,044	1	98,142,045
Balance as at 31 December 2012 and 1 January 2013	**40,289,642**	**1,028,819,484**	**4,778,740**	**9,730,066**	**223,224**	**23,254,749**	**(1,008,953,861)**	**98,142,044**	**1**	**98,142,045**
Total comprehensive expense for the year	**—**	**—**	**—**	**1,061,236**	**—**	**—**	**(34,033,645)**	**(32,972,409)**	**55,876**	**(32,916,533)**
Capital contributions from non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**2,551,140**	**2,551,140**
Issue of new shares by way of placements	**4,299,960**	**47,729,556**	**—**	**—**	**—**	**—**	**—**	**52,029,516**	**—**	**52,029,516**
Transaction costs attributable to issue of new shares	**—**	**(1,048,353)**	**—**	**—**	**—**	**—**	**—**	**(1,048,353)**	**—**	**(1,048,353)**
Balance as at 31 December 2013	**44,589,602**	**1,075,500,687**	**4,778,740**	**10,791,302**	**223,224**	**23,254,749**	**(1,042,987,506)**	**116,150,798**	**2,607,017**	**118,757,815**

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 services, precious metals spot trading and brokerage services in the People's Republic of China (the "PRC"), provision of securities and futures trading services, corporate finance services and wealth management services in Hong Kong and trading and principal investments.

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 KY1-1111, Cayman Islands. The Company's principal place of business is situated at 16th Floor, CMA Building, No.64-66 Connaught Road Central, Hong Kong.

The Company's shares are listed on the 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 as management considered it is more beneficial to the users of the consolidated financial statements. These consolidated financial statements have been approved and authorized for issue by the board of directors on 21 March 2014.

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"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of an investment property, which is carried at fair value.

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

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to HKFRSs	Annual Improvements 2009-2011 Cycle

Except for as described below, the application of the above new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 "*Consolidated Financial Statements*", HKFRS 11 "*Joint Arrangements*", HKFRS 12 "*Disclosure of Interests in Other Entities*", HKAS 27 (as revised in 2011) "*Separate Financial Statements*" and HKAS 28 (as revised in 2011) "*Investments in Associates and Joint Ventures*", together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

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

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 "*Consolidated and Separate Financial Statements*" that deal with consolidated financial statements and HK(SIC) Int-12 "*Consolidation — Special Purpose Entities*". HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors of the Company made an assessment as at the date of initial application of HKFRS 10 as to whether or not the Group has control over the investees in accordance with the new definition of control and the related guidance set out in HKFRS 10, and concluded that the application of HKFRS 10 does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 *Fair Value Measurement*

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 "*Share-based Payment*", leasing transactions that are within the scope of HKAS 17 "*Leases*", and measurements that have some similarities to fair value but are not fair value (e.g. net realizable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognized in the consolidated financial statements.

Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*

The Group has applied the amendments to HKAS 1 "*Presentation of Items of Other Comprehensive Income*". Upon the adoption of the amendments to HKAS 1, the Group's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

(b) New standards and interpretations not yet adopted

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2010 — 2012 Cycle[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 — 2013 Cycle[4]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[5]
HKFRS 9, HKFRS 7 and HKFRS 39 Amendments	Hedge accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) – Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 July 2014. Early application is permitted.
3 No mandatory effective date yet determined but is available for adoption.
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
5 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

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.

(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 receivable 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.

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

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

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

(g) Estimated fair value of investment property

The investment property of the Group was stated at fair value in accordance with the accounting policy. The fair value of the investment property is determined by an independent qualified professional valuer. The valuation was based on certain assumptions, which is subject to uncertainty and might materially differ from the actual results.

In making the judgment, consideration has been given to assumptions that are mainly based on market conditions existing at the end of the reporting period and appropriate capitalization rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

(h) Income taxes

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

3. REVENUE

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

	2013	2012
	HK$	*HK$*
		(Restated)
Continuing operations		
Income from provision of a trading platform	**105,803**	156,714
Commission income from securities and futures brokerage	**1,587,840**	3,481,371
Commission income from precious metals brokerage	**2,799,223**	—
Spot trading profit on precious metals contracts, net	**9,874,117**	—
Interest income from clients	**370,985**	537,944
Net fair value gains on securities trading	**—**	19,272
Income from provision of wealth management services	**71,892**	124,796
Income from provision of stock information and research services	**—**	4,865,893
	14,809,860	9,185,990

4. SEGMENT INFORMATION

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

The Executive Directors consider the Group has seven reportable segments: (1) provision of a trading platform; (2) provision of brokerage and securities margin financing services; (3) precious metals spot trading and brokerage; (4) provision of corporate finance services; (5) trading and principal investments; (6) provision of wealth management services; and (7) provision of stock information and research services.

During the year ended 31 December 2013, the Group discontinued its property investments business after entering into a sale and purchase agreement on disposal of its investment property to an independent third party. The segment information reported below does not include any amounts for this discontinued operation. Accordingly, comparative figures of the Group's segment results have been restated to present the discontinued operation separately.

The segment information of the reportable segments from continuing operations for the year ended 31 December 2013 is as follows:

	Continuing operations							
	Provision of a trading platform	**Brokerage and securities margin financing services**	**Precious metals spot trading and brokerage**	**Corporate finance services**	**Trading and principal investments**	**Wealth management services**	**Stock information and research services**	**Total**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Segment revenue from external customers	105,803	1,958,825	12,673,340	—	—	71,892	—	14,809,860
Segment results	7,943	(3,622,594)	116,840	(10,350)	(753,323)	49,392	(12,966,427)	(17,178,519)
Net unallocated expenses								(24,856,101)
Finance costs								(457,438)
Interest income								24,530
Share of losses of associates								—
Loss before income tax								(42,467,528)
Income tax expense								(844,111)
Loss for the year from continuing operations								(43,311,639)

The segment information of the reportable segments from continuing operations for the year ended 31 December 2012 is as follows:

	Continuing operations						
	Provision of a trading platform	Brokerage and securities margin financing services	Corporate finance services	Trading and principal investments	Wealth management services	Stock information and research services	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Segment revenue from external customers	156,714	4,019,315	—	19,272	124,796	4,865,893	9,185,990
Segment results	11,715	(4,325,105)	(10,350)	(533,510)	(2,687)	(19,451,483)	(24,311,420)
Net unallocated expenses							(19,592,479)
Finance costs							(508,885)
Interest income							54,432
Share of losses of associates						(328,356)	(328,356)
Loss before income tax							(44,686,708)
Income tax credit							181,522
Loss for the year from continuing operations							(44,505,186)

Other segment information from continuing operations for the year ended 31 December 2013 is as follows:

	Continuing operations								
	Provision of a trading platform	**Brokerage and securities margin financing services**	**Precious metals spot trading and brokerage**	**Corporate finance services**	**Trading and principal investments**	**Wealth management services**	**Stock information and research services**	**Unallocated**	**Total**
	HK$	***HK$***	***HK$***	***HK$***	***HK$***	***HK$***	***HK$***	***HK$***	***HK$***
Additions to property, plant and equipment	—	**5,450**	**3,201,739**	—	—	—	**9,421**	**846,467**	**4,063,077**
Depreciation and amortization	—	**49,065**	**392,272**	—	**58,684**	—	**1,898,458**	**4,645,246**	**7,043,725**
Impairment of goodwill	—	—	—	—	—	—	—	**3,700,843**	**3,700,843**
Impairment of trade receivables	—	**36,000**	—	—	—	—	—	**83,484**	**119,484**
Write-down of inventories	—	—	—	—	—	—	**5,036,720**	—	**5,036,720**

Other segment information from continuing operations for the year ended 31 December 2012 is as follows:

	Continuing operations							
	Provision of a trading platform	Brokerage and securities margin financing services	Corporate finance services	Trading and principal investments	Wealth management services	Stock information and research services	Unallocated	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Additions to property, plant and equipment	—	87,196	—	—	—	30,089	178,121	295,406
Additions to intangible assets	—	500,000	—	—	—	—	9,189,162	9,689,162
Depreciation and amortization	—	63,417	—	28,195	—	1,992,765	5,190,726	7,275,103
Impairment of goodwill	—	—	—	—	—	—	581,950	581,950
Impairment of intangible assets	—	499,999	—	—	—	—	—	499,999
Impairment of trade receivables	—	—	—	—	51,884	—	—	51,884
Impairment of other receivables	—	—	—	—	—	—	874,185	874,185
Write-down of inventories	—	—	—	—	—	4,903,800	—	4,903,800

Note: Additions to non-current assets exclude those relating to discontinued operation and exclude financial instruments.

The segment assets and liabilities as at 31 December 2013 and 2012 for the years then ended are as follows:

	2013	2012
	HK$	*HK$*
		(Restated)
Segment assets		
Continuing operations		
Provision of a trading platform	**101,743**	94,974
Brokerage and securities margin financing services	**28,719,243**	22,283,436
Precious metals spot trading and brokerage	**16,734,165**	—
Corporate finance services	**302,383**	207,733
Trading and principal investments	**1,480,450**	1,533,728
Wealth management services	**550,120**	500,712
Stock information and research services	**30,081,103**	25,470,941
	77,969,207	50,091,524
Assets relating to property investments business (now discontinued)	**—**	46,854,332
Unallocated	**76,153,148**	49,575,983
Consolidated assets	**154,122,355**	146,521,839

	2013	2012
	HK$	*HK$*
		(Restated)
Segment liabilities		
Continuing operations		
Provision of a trading platform	**—**	1,173
Brokerage and securities margin financing services	**8,101,610**	7,610,832
Precious metals spot trading and brokerage	**3,854,296**	—
Corporate finance services	**10,000**	5,000
Trading and principal investments	**20,215**	52,664
Wealth management services	**25,579**	25,578
Stock information and research services	**267,739**	137,809
	12,279,439	7,833,056
Liabilities relating to property investments business (now discontinued)	**—**	17,497,000
Unallocated	**23,085,101**	23,049,738
Consolidated liabilities	**35,364,540**	48,379,794

Segment assets consist primarily of property, plant and equipment, intangible assets, statutory deposits and other assets, investment in an associate, trade receivables, prepayments, deposits and other receivables, and bank balances and cash. Segment liabilities comprise primarily of trade payables, other payables and accruals and amount due to an associate.

The Group mainly operates in Hong Kong and the PRC.

	2013	2012
	HK$	*HK$*
		(Restated)
Revenue from continuing operations		
Hong Kong	**2,136,520**	4,300,825
The PRC	**12,673,340**	4,885,165
	14,809,860	9,185,990

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

	2013	2012
	HK$	*HK$*
		(Restated)
Total assets		
Hong Kong	**110,503,960**	64,824,898
The PRC	**43,602,475**	34,827,139
	154,106,435	99,652,037
Investment in an associate	**15,920**	15,470
	154,122,355	99,667,507

Total assets from continuing operations are allocated based on where the assets are located.

Note: Total assets exclude those relating to discontinued operation.

	2013	2012
	HK$	*HK$*
Capital expenditure		
Hong Kong	**851,917**	594,726
The PRC	**3,211,160**	9,389,842
	4,063,077	9,984,568

Capital expenditure from continuing operations is allocated on where the assets are located.

Information about major customers

As as 31 December 2013 and 2012, none of the customers accounted for 10% or more of total revenue from continuing operations.

5. OTHER INCOME

	2013	2012
	HK$	*HK$*
Continuing operations		
CCASS fee income	**77,232**	232,367
Handling fee income	**54,607**	76,552
Interest income on bank deposits	**23,859**	53,890
Other interest income	**671**	542
Sundry income	**314,310**	780,745
	470,679	1,144,096

6. FINANCE COSTS

	2013	2012
	HK$	*HK$*
		(Restated)
Continuing operations		
Interest expenses on bank borrowings not wholly repayable within one year from the end of the reporting period but contain a repayment on demand clause	**457,438**	508,885

7. LOSS BEFORE INCOME TAX

	2013	2012
	HK$	*HK$*
		(Restated)
Loss before income tax from continuing operations has been arrived at after charging:		
Auditors' remuneration	**450,000**	450,000
Foreign exchange difference, net	**118,680**	500,643
Loss on acquisition of additional interest in a subsidiary (included in other operating expenses)		
— Loss on remeasurement of previously held equity interest	**—**	58,346
Loss on disposal of subsidiaries (included in other operating expenses)	**—**	4,354,581
Loss on disposal of property, plant and equipment (included in other operating expenses)	**12,061**	20,353
Operating lease rentals in respect of rented premises	**2,593,284**	3,472,336

8. INCOME TAX EXPENSE/(CREDIT)

Hong Kong Profits Tax has been provided at the rate of 16.5% (2012: 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 (2012: 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.

	2013	2012
	HK$	*HK$*
Continuing operations		
Current income tax:		
Current tax on profits for the year		
— Hong Kong Profits Tax	**—**	—
— PRC Enterprise Income Tax	**1,025,660**	—
Total current tax	**1,025,660**	—
Deferred income tax		
Current year	**(181,549)**	(181,522)
Income tax expense/(credit)	**844,111**	(181,522)

The tax on the Group's loss from continuing operations before income tax differs from the theoretical amount that would arise using the Hong Kong Profits Tax rate of 16.5% (2012: 16.5%) as follows:

	2013	2012
	HK$	*HK$*
		(Restated)
Loss from continuing operations before income tax	**(42,467,528)**	(44,686,708)
Tax calculated at Hong Kong Profits Tax rate of 16.5% (2012: 16.5%)	**(7,007,142)**	(7,373,307)
Tax effects of:		
— Different tax rates of subsidiaries operating in other jurisdictions	**(1,765,528)**	(2,290,659)
— Income not subject to tax	**(168)**	(543)
— Expenses not deductible for tax purposes	**849,751**	3,365,344
— Others	**8,585,649**	5,936,121
— Utilization of deductible temporary differences previously not recognized	**181,549**	181,522
Income tax expense/(credit)	**844,111**	(181,522)

9. DISCONTINUED OPERATION

In March 2013, First China Property Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party in relation to disposal of the investment property at a cash consideration of HK$56,000,000. The disposal was completed on 31 May 2013.

The profit for the year from discontinued property investments business is set out below. The comparatives in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the property investments business as a discontinued operation.

	2013	2012
	HK$	*HK$*
Profit of property investments business for the year	**9,333,152**	5,097,537

The results of the property investments business for the year ended 31 December 2013 and 2012, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	2013	2012
	HK$	*HK$*
Profit for the year from discontinued operation:		
Revenue	**624,000**	1,164,373
Other gains	**8,898,530**	4,400,000
Other income	**6,498**	—
Finance costs	**(172,655)**	(455,677)
Other operating expenses	**(23,221)**	(11,159)
Profit before income tax	**9,333,152**	5,097,537
Income tax expense	**—**	—
Profit for the year	**9,333,152**	5,097,537
Profit for the year from discontinued operation includes the following:		
Rental income	**(624,000)**	(1,164,373)
Less: direct operating expenses from an investment property that generated rental income	**174,671**	457,777
	(449,329)	(706,596)
Gain arising on change in fair value of an investment property	**—**	(4,400,000)
Gain on disposal of an investment property	**(8,898,530)**	—
Cash flows from discontinued operation:		
Net cash (used in)/generated from operating activities	**(38,591,598)**	1,659,131
Net cash generated from investing activities	**55,398,530**	—
Net cash used in financing activities	**(17,089,274)**	(1,466,517)
Net cash (outflow)/inflow	**(282,342)**	192,614

10. (LOSS)/EARNINGS PER SHARE

From continuing and discontinued operations

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

	2013	2012
	HK$	*HK$*
Loss		
Loss for the purpose of basic and diluted loss per share	**(34,033,645)**	(39,019,328)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**4,188,003,736**	4,028,964,120

The computation of diluted loss per share for the year ended 31 December 2013 does not assume the exercise of the Company's outstanding warrants since their exercise would result in an decrease in loss per share. In addition, the computation of diluted loss per share for the year ended 31 December 2012 and 2013 does not assume the exercise of the Company's outstanding share options as the exercise price of those options are higher than the average market price of the Company's shares during the year.

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to owners of the Company is based on the following data:

	2013	2012
	HK$	*HK$*
Loss for the year attributable to owners of the Company	**(34,033,645)**	(39,019,328)
Less:		
Profit for the year from discontinued operation	**9,333,152**	5,097,537
Loss for the purpose of basic and diluted loss per share from continuing operations	**(43,366,797)**	(44,116,865)

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

The computation of diluted loss per share for continuing operations for the year ended 31 December 2013 does not assume the exercise of the Company's outstanding warrants since their exercise would result in an decrease in loss per share. In addition, the computation of diluted loss per share for continuing operations for the year ended 31 December 2013 and 2012 does not assume the exercise of the Company's outstanding share options as the exercise price of those options are higher than the average market prices of the Company's shares during the year.

From discontinued operation

Basic and diluted earnings per share for the discontinued operation is HK0.22 cent per share (2012: HK0.13 cent per share), based on the profit for the year from the discontinued operation of HK$9,333,152 (2012: HK$5,097,537) and the denominators detailed above for both basic and diluted earnings per share.

11. TRADE RECEIVABLES

	2013	2012
	HK$	*HK$*
Amounts receivable arising from securities broking:		
Margin clients	**4,311,263**	2,058,785
Cash clients	**862,750**	1,970,362
Brokers and dealers	**6**	6
HKSCC (net)	**904,923**	—
Amounts receivable arising from precious metals spot trading and brokerage:		
PMEC (net)	**409,432**	—
Other trade receivables	**120,570**	119,729
	6,608,944	4,148,882
Less: Provision for impairment loss	**(120,570)**	—
Trade receivables, net	**6,488,374**	4,148,882

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$23,300,000 as at 31 December 2013 (2012: HK$14,248,000). No aged analysis is disclosed as, in the opinion of the directors, the aged analysis does not give additional value in view of the nature of the business of securities margin financing.

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

Other trade receivables arising from the 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 (2012: 30 to 90 days).

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

	2013	2012
	HK$	*HK$*
0–30 days	—	83,729
31–90 days	—	—
91–180 days	—	—
181–365 days	—	36,000
Over 365 days	—	—
	—	119,729

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

As at 31 December 2013, none of the trade receivables (2012: HK$36,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aged analysis of these trade receivables is as follows:

	2013	2012
	HK$	*HK$*
0–30 days	**—**	—
31–90 days	**—**	—
91–180 days	**—**	—
181–365 days	**—**	36,000
Over 365 days	**—**	—
	—	36,000

As at 31 December 2013, trade receivables of HK$119,484 (2012: HK$51,884) were impaired. The amount of the provision was HK$120,570 as of 31 December 2013 (2012: Nil). The individually impaired receivables mainly relate to a few customers, which are in unexpected difficult economic situations.

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

	2013	2012
	HK$	*HK$*
At 1 January	**—**	—
Receivables written off during the year as uncollectible	**—**	(51,884)
Provision for impairment of trade receivables	**119,484**	51,884
Currency translation differences	**1,086**	—
At 31 December	**120,570**	—

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

	2013	2012
	HK$	*HK$*
Hong Kong dollars	**6,078,942**	4,066,705
RMB	**409,432**	82,177
	6,488,374	4,148,882

12. TRADE PAYABLES

	2013	2012
	HK$	*HK$*
Amounts payable arising from securities broking:		
Margin clients	**123,968**	101,722
Cash clients	**7,762,795**	6,109,461
HKSCC (net)	**—**	1,164,750
Other trade payables	**794,964**	761,164
	8,681,727	8,137,097

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.

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

	2013	2012
	HK$	*HK$*
0–30 days	**—**	1,173
31–90 days	**—**	—
91–180 days	**—**	—
181–365 days	**—**	754,094
Over 365 days	**794,964**	5,897
	794,964	761,164

13. BORROWINGS

	2013	2012
	HK$	*HK$*
Borrowings included in current liabilities		
– Secured bank borrowings	**14,206,092**	33,066,172

Notes:

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

	2013	2012
	HK$	*HK$*
Within one year	**1,829,486**	3,280,545
In the second year	**1,882,732**	3,373,020
In the third to fifth year	**5,997,897**	10,698,770
Over five years	**4,495,977**	15,713,837
	14,206,092	33,066,172

(b) At 31 December 2013, bank borrowings of the Group were secured by the charges over the Group's land and buildings and corporate guarantees executed by the Company. At 31 December 2013, the Group's bank borrowings are denominated in HK$, bearing floating interest rate of 3.00% (2012: 2.25% to 3.00%) per annum.

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

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

(e) The fair value of current borrowings equals their carrying amounts, as the impact of discounting is not significant.

14. DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31 December 2013 (2012 : Nil).

BUSINESS REVIEW

In year 2013, as the real estate market in Hong Kong was buoyant and the market value of the investment property of our Group has been appreciated significantly, the Board decided to dispose the investment property at HK$56.0 million and recorded a gain of approximately HK$8.9 million in which to enhance the working capital of the Group.

On 19 August 2013, an aggregate of 429,996,000 placing shares have been successfully placed by the placing agent to no less than six independent placees at the placing price of HK$0.121 per placing share. The net proceeds of approximately HK$50.9 million from the placing were intended to be used as general working capital of the Group and as funds for future development of the existing business of the Company and other business when investment opportunities arise.

The domestic stock market remained in the doldrums during the year, and the traditional business model of the securities industry encountered great challenges. Investors were prudent and cautious in their investments, resulting in the turnover in securities business in Hong Kong of our Group dropped approximately 51.3% to approximately HK$2.0 million compared with year 2012. Moreover, as PRC government tightened the regulatory control, there was no income recorded in the provision of stock information and research services in China.

Due to the adverse market condition, the securities business and business of provision of stock information and research services in China of the Group were disappointed, our Group commenced to involve precious metals spot trading and brokerage business during the year. A non-wholly owned subsidiary of the Company, 深圳國銀盛世貴金屬經營有限公司 (transliterated as Shenzhen Guoyin Brilliant Precious Metals Ltd.) was incorporated on 9 July 2013. During the year under review, precious metals spot trading and brokerage constituted over 85% revenue of the Company and earned some profit.

FINANCIAL REVIEW

Results of the Group

The revenue and operating result of the investment property for the year ended 31 December 2013 are presented as discontinued operation. The comparative figures in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2012 have been restated accordingly.

The Group recorded total turnover from continuing operations of approximately HK$14.8 million for the year ended 31 December 2013 as compared to approximately HK$9.2 million for the previous year, there was an increase of approximately HK$5.6 million or of approximately 61.2%. The sharply increase of turnover was mainly attributable to the revenue of commission income from precious metals brokerage and spot trading profit on precious metals contracts.

Loss for the year of amounted to approximately HK$34.0 million, of which loss of approximately HK$43.3 million was from the continuing operations and profit of approximately HK$9.3 million was from the discontinued operation, compared with loss of approximately HK$39.4 million for the corresponding year. The loss has narrowed due to increase of profit from discontinued operation of approximately HK$5.1 million of last year to approximately HK$9.3 million for the year ended 31 December 2013 and decrease of impairment of intangible assets, and others receivables to the consolidated statement of profit or loss and other comprehensive income for the year under review.

Liquidity and financial resources

The equity attributable to the owners of the Company amounted to approximately HK$116.2 million as at 31 December 2013, representing an increase of approximately HK$18.0 million, or 18.4% from that of 31 December 2012. The increase was mainly due to the placement of 429,996,000 ordinary shares at the price of HK$0.121 per share. Its effect is counteracted by the effect from loss for the year attributed to owners of the Company for the year under review.

The Group's net current assets as at 31 December 2013 amounting to approximately HK$72.1 million (2012: HK$3.6 million). The significant increase was the result of disposal of the investment property for a total cash consideration of HK$56.0 million and repayment of relevant bank borrowings. As at 31 December 2013, the Group's cash and bank balances are approximately HK$83.1 million (2012: HK$20.4 million) of which approximately HK$6.0 million were held on behalf of clients in trust and segregated accounts. As at 31 December 2013, the Group's total borrowings amounted to approximately HK$14.2 million (2012: HK$33.1 million). Of this, approximately HK$1.8 million is repayable within one year. The borrowings were secured by charges over the Group's land and building as well as corporate guarantees issued by the Company. Taking into account of the amount of liquid assets in hand, the 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 at 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 2013, the total number of the Company's shares was 4,458,960,120 shares, after issuing of 429,996,000 ordinary shares by the way of placements, the total net amount was applied as general working capital of the Group and as funds for future development of the existing business of the Company and other business when investment opportunities arise.

Precious Metals Spot Trading and Brokerage

The new formed segment played the significant part in the result for the year. It recorded approximately HK$12.7 million or of representing 85.6% in turnover from continuing operations for the year ended 31 December 2013. This segment commenced business in August 2013, its principal business included the sales, distribution and trading of silver. Due to lying in the elementary stage, it recorded an operating gain of approximately HK$0.1 million during the year under review.

Securities Brokerage and Trading Platform

Total turnover of these units recorded were approximately HK$2.1 million for the year ended 31 December 2013, compared with approximately HK$4.2 million for the same period last year. The units recorded a loss of approximately HK$3.6 million compared with a loss of approximately HK$4.3 million for the corresponding period. Decline in revenue of securities brokerage and trading platform segments due to weak retail equity market sentiment and keen competition in the industry.

Stock Information and Research Services

Due to the PRC Government tightened regulatory control, this segment income has slowed down in recent years. This segment did not record any income for the year ended 31 December 2013 compared with approximately HK$4.9 million for the same period last year. This segment reported an operating loss before income tax expenses of approximately HK$13.0 million, representing a decrease of loss of approximately HK$6.5 million or of approximately 33.3% compared with that of last year.

Wealth Management Services

Since the market is poor, being affected by the external factors, the total fee income of the wealth management division stayed at the same level as last year during the year under review. This segment recorded an insignificant profit for the year.

Corporate Finance Services and Trading and Principal Investments

These segments did not record any income during the year under review.

OUTLOOK

In August 2013, the Group has commenced precious metals spot trading and brokerage business and has earned some profit during the year 2013. The Group has confidence in the precious metals spot trading and brokerage business in China and plan to expand our business in this market. Similar to the precious metals, the Group also expects good prospect of electronic spot trading of petroleum. Thus, a subsidiary of the Company, 首華證券諮詢（深圳）有限公司 (transliterated as First China Securities Consultancy (Shenzhen) Co., Ltd.) has bought a license and became a member of 北京石油交易所股份有限公司 (transliterated as Beijing Petroleum Exchange Limited). The Group is planning to commence the business of the electronic spot trading and brokerage of petroleum in 2014.

Besides the business of spot trading and brokerage of precious metal, the Group also engaged in the incorporation of a proposed joint venture company named 深圳前海首華貴金屬交易中心有限公司 (transliterated as Shenzhen Qianhai First China Precious Metals Exchange Centre Limited) in Qianhai, Shenzhen, PRC. It has been conditionally approved by 深圳市人民政府金融發展服務辦公室 (The Development of the Shenzhen Municipal Government Financial Services Office) and is waiting for their relevant final approval. Then, it will be an associated company of our Group. The proposed joint venture company will principally engage in the business of wholesale spot trading and retail sales of precious metals (excluding gold), provision of an electronic spot trading platform and market services and the relevant advisory services. The Group owned 38% of the proposed joint venture company and has invested RMB19,000,000 in March 2014. For further details, please refer to the announcements of the Company dated 30 December 2013, 26 February 2014 and 15 March 2014.

In addition, the Group starts to engage in the development and management of the security system for the students in various schools across different provinces in PRC ("School Safety Network Scheme"). The School Safety Network Scheme is organized and monitored by 中國下一代教育基金會 (China Next Generation Education Foundation) ("CNGEF"), a charitable foundation managed by Education Department in the PRC. A wholly-owned subsidiary of the Group, 深圳首華校安網絡科技有限公司 (transliterated as Shenzhen First China School Safety Network Technology Company Limited) shall be responsible for School Safety Network Scheme including the maintenance and management of the electronic student cards and the relevant peripheral devices and CNGEF shall be responsible for the contact of local education department of various cities and provinces in PRC to promote the donation and use of electronic student card. The operation of the School Safety Network Scheme may generate revenue to the Group.

The Company proposed to donate up to RMB5 million and 5 million sets of electronic student cards and peripheral devices to CNGEF for the purpose of the School Safety Network Scheme. During the year, the Company had donated RMB1 million to CNGEF. The rest and major part of donation is conditional and subject to the CNGEF procuring students in China using the electronic student card which may lead the Company to generate revenue to the Group.

In addition, as mentioned in the announcement of the Company dated 26 February, 2014, the Group had commenced a negotiation concerning a possible acquisition of a company engaged in electronic student cards business. At this stage, the Group has not entered into any written agreement, memorandum of understanding, letter of understanding or intention concerning the possible acquisition.

In the coming year, besides maintaining the securities business and business of provision of stock information and research service in China, the Group will continuously develop precious metals spot trading and brokerage business, precious metal exchange centre business, petroleum spot trading and brokerage business and electronic student card business. The Group also looks for new business opportunities and new markets for the Group.

CHARGES ON ASSETS

Property, plant and equipment and investment property of the Group with a carrying amount of HK$35.6 million (2012: HK$83.7 million) were pledged for banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 December 2013, the Group did not have any contingent liabilities (2012: 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 2013, the Group had a workforce of 210 employees (2012: 74). The total staff costs, including directors' emoluments, amounted to about HK$15.4 million for the year ended 31 December 2013 (2012: HK$13.5 million).

The Group's remuneration policies are reviewed on an annual basis and commensurate with the industry pay level. The remuneration package includes basic salary, provident fund, medical benefits and discretionary bonus. The Group has also adopted a new share option scheme as an added incentive for its employees. During the year, the Company had not granted any new share option to any director or employee.

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES

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

COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES

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

CORPORATE GOVERNANCE PRACTICES

The Board assumes overall responsibility for the leadership and control of the Group, including providing and setting the Group's directions and strategies in the interests of the Group. It believes in good corporate governance and corporate governance practices that promote investor confidence, development of the Group, and transparency while having the long term interest of the Group and enhancement of shareholders' value as the ultimate objectives. It has adopted the code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules (the "Corporate Governance Code"). The Company 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 consists of four independent non-executive directors, Mr. Tony I Tong, Professor Zhang Benzheng, Mr. Li Jianxing and Mr. Chen Shu Wen. Mr. Tony I Tong, being an independent non-executive director, is the chairman of the Committee. The Audit Committee's role and function includes making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor; review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; develop and implement policy on the engagement of an external auditor to supply non-audit services; monitor the integrity of financial statements, annual reports and accounts, half-yearly and quarterly reports of the Company, and review significant financial reporting judgments contained in them; review the Company's financial controls, internal control and risk management systems; and review the Group's financial and accounting policies, procedures and practices.

The Audit Committee have reviewed the financial statements of the Group for the year ended 31 December 2013 pursuant to the relevant provisions contained in the Corporate Governance Code And Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules and were of the opinion that such statements had complied with applicable accounting standards and that adequate disclosures had been made in respect thereof.

The Audit Committee held 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
Tony I Tong	4/4
Zhang Benzheng	3/4
Li Jianxing	4/4
Chen Shu Wen	3/4

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

Hong Kong, 21 March 2014

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

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