



首華金融控股有限公司

FIRST CHINA FINANCIAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 08123

First Quarterly Report 2009



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

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

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

Pursuant to Chapter 36 of the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of the Stock Exchange (the "GEM Listing Rules"), the Securities and Futures Commission ("SFC") regulates First China Financial Holdings Limited (the "Company") in relation to the listing of its shares on GEM of The Stock Exchange of Hong Kong Limited. The SFC, Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, 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 report.

This report, for which the directors of the Company (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report 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 revenue approximately HK\$19,834,000 for the three months ended 31 March 2009.

Profit attributable to the equity holders of the Company for the three months ended 31 March 2009 amounted to approximately HK\$2,005,000.

Earnings per share was approximately 0.07 Hong Kong cents.

The Directors do not recommend the payment of a dividend for the three months ended 31 March 2009.

The English text of this quarterly report shall prevail over the Chinese text in case of inconsistencies.

First Quarterly Results (Unaudited)

The board of Directors (the "Board") are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months ended 31 March 2009 together with the comparative unaudited figures for the corresponding period in 2008 were as follows:

Condensed Consolidated Income Statement

	Note	Three months ended	
		2009	2008
		HK\$'000	HK\$'000
			(As restated)
		(unaudited)	(unaudited)
			(Note 3)
Revenue	4	19,834	29,325
Cost of sales and services		(772)	(2,955)
Other income		226	536
Employee benefits expenses		(5,494)	(3,103)
Depreciation of property, plant and equipment		(865)	(515)
Amortization of intangible assets		(399)	(23)
Other operating expenses		(8,118)	(7,776)
Profit before income tax		4,412	15,489
Income tax expense	5	(2,407)	(4,263)
Profit for the period		2,005	11,226
Attributable to:			
Equity holders of the Company		2,005	11,226
Minority interest		—	—
		2,005	11,226
Earnings per share for profit attributable to the equity holders of the Company during the period			
— basic	6	0.07 cent	0.44 cent
— diluted	6	0.07 cent	0.43 cent

Condensed Consolidated Statements of Changes in Equity

For the three months ended 31 March 2009

	Attributable to the equity holders of the Company											
	Share capital	Share premium	Special reserve	Available-for-sale investments revaluation reserve	Translation reserve	Shares to be issued	Share options reserve	Share-based compensation reserve	Accumulated profit/(losses)	Total	Minority interests	Total equity
Balance at 1 January 2008	25,384	187,589	4,779	871	932	504,000	14,461	4,241	(115,916)	626,341	85	626,426
Change in fair value of available-for-sale financial assets	—	—	—	(175)	—	—	—	—	—	(175)	—	(175)
Currency translation differences	—	—	—	—	1,350	—	—	—	—	1,350	—	1,350
Total income and expense recognized directly in equity	—	—	—	(175)	1,350	—	—	—	—	1,175	—	1,175
Profit for the period	—	—	—	—	—	—	—	—	11,226	11,226	—	11,226
Total recognized income and expense for the period	—	—	—	(175)	1,350	—	—	—	11,226	12,401	—	12,401
Balance at 31 March 2008	25,384	187,589	4,779	696	2,282	504,000	14,461	4,241	(104,690)	638,742	85	638,827
Balance at 1 January 2009	29,341	478,228	4,779	353	3,674	336,000	43,382	1,767	(741,825)	155,699	72	155,771
Change in fair value of available-for-sale financial assets	—	—	—	5	—	—	—	—	—	5	—	5
Currency translation differences	—	—	—	—	(45)	—	—	—	—	(45)	—	(45)
Total income and expense recognized directly in equity	—	—	—	5	(45)	—	—	—	—	(40)	—	(40)
Profit for the period	—	—	—	—	—	—	—	—	2,005	2,005	—	2,005
Total recognized income and expense for the period	—	—	—	5	(45)	—	—	—	2,005	1,965	—	1,965
Sub-total	29,341	478,228	4,779	358	3,629	336,000	43,382	1,767	(739,820)	157,664	72	157,736
Share option scheme												
— vested share options lapsed	—	—	—	—	—	—	—	(971)	971	—	—	—
Issue of shares upon exercise of Option in respect of acquisition of subsidiaries	200	2,800	—	—	—	—	—	—	—	3,000	—	3,000
Transfer upon exercise of Option in respect of acquisition of subsidiaries	—	14,461	—	—	—	—	(14,461)	—	—	—	—	—
Balance at 31 March 2009	29,541	495,489	4,779	358	3,629	336,000	28,921	796	(738,849)	160,664	72	160,736



Notes:

1. General Information

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

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands. The Company’s shares are listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These unaudited condensed consolidated financial information is presented in Hong Kong dollars (HK\$) unless otherwise stated.

2. Basis of Preparation

The accounting policies adopted in preparing the unaudited condensed consolidated financial statements were consistent with those applied for the financial statements of the Group for the year ended 31 December 2008.

3. Change in the presentation of revenue

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

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

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

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

	Three months ended 31 March 2008 HK\$'000 (unaudited)
Increase in income from provision of stock information and research (included within revenue)	2,955
Decrease in trading and principal investment (included within revenue)	(6,913)
Decrease in cost of sales and services	3,976
Increase in net fair value losses on securities trading (included within revenue)	(18)
Effect on profit for the period	—
Effect on basic and diluted earnings per share attributable to ordinary equity holders of the Company	—

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

4. Revenue

	Three months ended 31 March	
	2009 HK\$'000 (unaudited)	2008 HK\$'000 (As restated) (Note 3) (unaudited)
Income from provision of a trading platform	37	37
Commission income from securities and futures brokerage, and infrastructure broking service fee	1,852	1,071
Interest income from clients	86	96
Net fair value (losses)/gains on securities trading	(4)	(18)
Income from provision of wealth management services	956	4,704
Income from provision of stock information and research	16,907	23,435
	19,834	29,325



5. Income Tax Expense

Hong Kong Profits Tax is calculated at the rate of 16.5% (2008:17.5%) on the estimated assessable profit arising in or derived from Hong Kong for the period. No provision for Hong Kong Profits Tax has been made in the financial statements as the Group incurred a tax loss for the period (2008: Nil). Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

6. Earnings Per Share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company for the three months ended 31 March 2009 of approximately HK\$2,005,000 (2008: profit of approximately HK\$11,226,000) by the weighted average number of 2,951,012,104 (2008: 2,538,434,000) ordinary shares in issue during the period.

Diluted

Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company for the three months ended 31 March 2009 of approximately HK\$2,005,000 (2008: profit of approximately HK\$11,226,000) by the weighted average number of 2,962,528,771 (2008: 2,602,434,000) ordinary shares in issue during the period.

7. Dividend

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



Business Review

Despite the continuing global financial turmoil that is still hitting hard at the financial services sector in the first quarter of 2009, the Group was able to deliver profit for the quarter under review. The turnover for the three months ended 31 March 2009 amounted to approximately HK\$19.83 million. First China Securities Consultancy (Shenzhen) Co., Ltd. ("First China Shenzhen"), the Group's wholly-owned subsidiary in Shenzhen, China continued to be profit contributor to the Group.

Financial Review

The Group recorded an unaudited turnover of approximately HK\$ 19.83 million for the three months ended 31 March 2009 compared to that of approximately HK\$29.33 million for the corresponding period in 2008. The decrease was mainly attributable to the reduction of income from provision of wealth management services, and income from the business of provision of stock information and research during the global financial turmoil. On the other hand, because of our success in recruiting experienced stockbrokers and developing the business of institutional investors, turnover of commission income from securities and futures brokerage, and infrastructure broking service fee had improved by approximately 72.90% from approximately HK\$1.07 million in the same period last year to approximately HK\$ 1.85 million for the quarter under review.

For the three months ended 31 March 2009, profit attributable to shareholders was approximately HK\$2.01 million, compared to approximately HK\$ 11.23 million for the corresponding period last year. The earnings per share for the reporting period was 0.07 HK cent while the earnings per share was 0.44 HK cent for the same period last year.

In the first quarter of 2009, following the exercise of 20,000,000 options pursuant to the Agreement dated 11 July 2007 and the Supplemental Agreement dated 30 July 2007 relating to the acquisition of the entire shareholding of GoHi Holdings Limited (collectively the "Agreements"), the total number of ordinary shares of the Company had been increased to 2,954,123,215.



Acquisition of Shenzhen Sky Picture Communications Company Limited and its wholly owned subsidiary, Wealth Alliance (collectively, the “Target Group”)

On 3 March 2009, the Group entered into a series of agreements to acquire control of 深圳畫天影視傳播有限公司 (transliterated as Shenzhen Sky Picture Communications Company Limited) and its wholly owned subsidiary, Wealth Alliance (collectively, the “Target Group”), further details of which are disclosed in the Company’s announcement dated 19 January 2009 and the Company’s circular dated 12 February 2009. Upon completion of the aforesaid acquisition, the Target Group has become wholly-owned subsidiaries of the Group and its financial information has been consolidated into the consolidated financial statements of the Group as from the date of acquisition at 3 March 2009.

Outlook

The global financial turmoil continued into 2009 and the financial services industry is still under hard hit. Despite the tough business environment, the Group was able to deliver profit for the reporting period, reflecting the fruitful results of our strategy of focusing on our core competence of existing business and offering enhanced and improved services to investors. The financial services market of PRC continued to be our major focus.

Recently, our Group has initiated a new line of business in PRC market regarding using various mobile financial terminals including mobile phones and netbooks as the media for delivering our stock information and research services. We are making good progress in the development of this business.

In addition, our continuous endeavour in brokerage business paid off and our subsidiary, First China Securities Limited, was promoted into Group B of the Exchange Participant of The Stock Exchange of Hong Kong Limited in the first quarter of 2009. Furthermore, our Group has expanded our securities brokerage business to institutional investors sector. With the growth in the market share, our brokerage business will make more contribution to the Group.

Building on the strength of the acquired business of First China Shenzhen and the above recent further developments of the Group, the coordinated efforts and experience of its staff and management, the Group is positioned to deliver improved results in the future.



Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 31 March 2009, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in shares of the Company

Name of Director	Number of shares			Approximate percentage of shareholding
	Personal Interests	Corporate Interests	Total	
Wang Wenming	345,958,000 (Note 1)	343,689,215 (Note 2)	689,647,215	23.35%
Lee Yiu Sun	100,019,000	—	100,019,000	3.39%
Tsang Hing Lun	3,000,000	—	3,000,000	0.10%
Yen Jong Ling	1,006,000	—	1,006,000	0.03%

Notes:

- (1) Mr. Wang Wenming held 226,042,000 shares of the Company. Ms. Chen Dongjin, the spouse of Mr. Wang Wenming, held 119,916,000 shares of the Company. As such, Mr. Wang Wenming was deemed to be interested in 345,958,000 shares of the Company.
- (2) Mr. Wang Wenming was deemed to be interested in 343,689,215 shares of the Company through his controlling interests in Fame Treasure Limited.

(b) Long positions in underlying shares of the Company

(i) Share option scheme of the Company

Pursuant to the share option scheme adopted by the Company on 17 December 2001 (the "Share Option Scheme"), the Directors and chief executive were granted share options to subscribe for shares of the Company. Details of which as at 31 March 2009 were as follows:

Name	Date of grant	Number of share options				Outstanding as at 31 March 2009	Option period	Exercise price HK\$
		Outstanding as at 1 January 2009	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period			
		Lee Yiu Sun	05/09/2007	4,000,000	—			

The 5,000,000 share options, which was granted to Mr. Richard Yingneng Yin (a director of the Company up to December 2008) and extended to 8 March 2009, was not exercised. Hence, with the lapse of share option during the reporting period, there was no outstanding share option pursuant to the share option scheme owned by Mr. Richard Yingneng Yin.

(ii) Agreement and Supplemental Agreement involving granting of share options

Pursuant to the Agreement dated 11 July 2007 and the Supplemental Agreement dated 30 July 2007 relating to the acquisition of the entire shareholding of GoHi Holdings Limited (collectively the "Agreements"), the Company granted to Mr. Wang Wenming an option to subscribe for 20,000,000 shares of the Company at an exercise price of HK\$0.15 per share in each of the 12-month period ending 30 June 2008, 2009 and 2010 respectively (i.e. a maximum of 60,000,000 shares) subject to the fulfillment of certain conditions as stipulated in the Agreements. With the fulfillment of the said conditions for the 12-month period ended 30 June 2008, an option to subscribe for 20,000,000 shares (the "Option") was granted to Mr. Wang Wenming who had exercised the option and was allotted 20,000,000 shares on 15 January 2009.



Accordingly, pursuant to the aforesaid Agreements, the remaining option to subscribe for the shares of the Company which has not yet been exercised is up to 40,000,000 shares of the Company.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or chief executive to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate and neither the Directors, nor the chief executive, nor any of their respective spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

(c) Short positions in underlying shares of the Company

Name of Director	Number of shares		Approximate percentage of shareholding
	Personal Interests	Corporate Interests	
Lee Yiu Sun	50,000,000 (note 3)	—	1.69%

Notes:

- (3) Pursuant to an option deed dated 31 August 2005, Asia Network Holdings Limited entered into an option deed with Mr. Lee Yiu Sun ("Mr. Lee") whereby Mr. Lee granted Asia Network Holdings Limited an option to purchase all or part of his 50,000,000 shares in the capital of Company at such time and such price when Mr. Lee intends to transfer or to dispose of all or part of the shares to any person during the period commencing on 31 August 2005 till the date when Mr. Lee ceases to be interested in the shares.

Save as disclosed above, during the year, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) are required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.



Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company

So far as is known to any Directors of the Company, as at 31 March 2009, the following persons (not being a Director of the Company) had interests in the shares or underlying shares which were notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under section 336 of the SFO:

(a) Long positions in shares of the Company

Name of shareholders	Capacity	Number of shares	Approximate percentage of shareholding
Fame Treasure Limited	Beneficial owner	343,689,215	11.63%
Wang Wenming and Chen Dongjin (note 2)	Beneficial owner	345,958,000 (Note 1)	11.71%
	Interest in a controlled corporation	343,689,215 (Note 2)	11.63%
Pan Shixin and Wang Junhui	Beneficial owner	185,000,000 (Note 3)	6.26%

Notes:

- (1) Ms. Chen Dongjin held 119,916,000 shares of the Company. Ms. Chen Dongjin is the spouse of a director of the Company, Mr. Wang Wenming who held 226,042,000 shares of the Company. As such, they were deemed to be collectively interested in 345,958,000 shares of the Company.
- (2) Mr. Wang Wenming was deemed to be interested in 343,689,215 shares through his controlling interests in Fame Treasure Limited. As Ms. Chen Dongjin is the spouse of Wang Wenming, she was also deemed to be interested in the said 343,689,215 shares held by Fame Treasure Limited.
- (3) Mr. Pan Shixin held 90,000,000 shares of the Company. Ms. Wang Junhui held 95,000,000 shares of the Company. As Ms. Wang Junhui is the spouse of Mr. Pan Shixin, they were deemed to be collectively interested in 185,000,000 shares of the Company.



(b) Long positions in underlying shares of the Company

Name of shareholders	Capacity	Number of shares	Approximate percentage of shareholding
Wang Wenming and Chen Dongjin	Beneficial owners	40,000,000 (note 4)	1.35%

Notes:

- (4) On 16 November 2007, Mr. Wang Wenming was granted an option which entitles him to subscribe up to 60,000,000 shares of the Company subject to the fulfillment of the conditions as stipulated in the Agreement dated 11 July 2007 and the Supplemental Agreement dated 30 July 2007 relating to the acquisition of the entire shareholding of GoHi Holdings Limited (collectively the "Agreements") by the Group. As Ms. Chen Dongjin is the spouse of Mr. Wang Wenming, they were deemed to be collectively interested in the said option granted to Mr. Wang Wenming. With the fulfillment of the condition for the 12-month period ended 30 June 2008, an option to subscribe for 20,000,000 shares (the "Option") was granted to Mr. Wang Wenming who had exercised the option and was allotted 20,000,000 shares on 15 January 2009. Accordingly, pursuant to the aforesaid Agreements, the remaining option to subscribe for the shares of the Company which has not yet been exercised is up to 40,000,000 shares of the Company.

Save as disclosed above, as at 31 March 2009, the Company had not been notified of any other person (other than the Directors whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above) who had an interest or short position in the shares or underlying shares of the Company and was required to be recorded in the register required to be kept under Section 336 of the SFO and/or was directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

Details of the Options Granted by the Company

(a) Share Option Scheme of the Company

The Company operates a share option scheme under which persons working for the interest of the Group are entitled to an opportunity to obtain equity interest in the Company (the "Share Option Scheme"). The number of shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes is not permitted to exceed 30% of the shares of the Company in issue from time to time, without prior approval from the Company's shareholders.

The maximum number of shares issued and to be issued upon exercise of options granted and to be granted pursuant to the Share Option Scheme and any other share options scheme of the Company to any person (including both exercised and outstanding options) in any 12-month period up to the date of grant of options shall not exceed 1% of the shares of the Company in issue, without prior approval from the Company's shareholders.

On 5 September 2007, options to subscribe for an aggregate of 32,400,000 shares of the Company were granted to the Directors and certain employees of the Company. As at 31 March 2009, details of the outstanding options were as follows:

Date of grant	Number of share options					Option period	Exercise price HK\$	
	Outstanding		Granted during the period	Exercised during the period	Cancelled/			Outstanding
	as at 1 January 2009	as at 31 March 2009			lapsed during the period			as at 31 March 2009
05/09/2007	9,500,000	—	—	5,000,000	4,500,000	05/09/2007– 04/09/2017	0.228	
05/09/2007	500,000	—	—	500,000	—	05/09/2008– 04/09/2017	0.228	



(b) Agreement and Supplemental Agreement involving granting of share options

Pursuant to the Agreement dated 11 July 2007 and the Supplemental Agreement dated 30 July 2007 relating to the acquisition of the entire shareholding of GoHi Holdings Limited (collectively the “Agreements”), the Company granted to Mr. Wang Wenming an option to subscribe for 20,000,000 shares of the Company at an exercise price of HK\$0.15 per share (the “Option”) in each of the 12-month period ending 30 June 2008, 2009 and 2010 respectively (i.e. a maximum of 60,000,000 shares) subject to the fulfillment of certain conditions as stipulated in the Agreements. With the fulfillment of the condition for the 12-month period ended 30 June 2008, an option to subscribe for 20,000,000 shares (the “Option”) was granted to Mr. Wang Wenming who had exercised the option and was allotted 20,000,000 shares on 15 January 2009. Accordingly, pursuant to the aforesaid Agreements, the remaining option to subscribe for the shares of the Company which has not yet been exercised is up to 40,000,000 shares of the Company.

Purchase, Redemption or Sale of Listed Securities

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

Interest in Competitors

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

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.



Audit Committee

The Audit Committee has reviewed the financial statements of the Group for the three months period ended 31 March 2009 pursuant to the relevant provisions contained in the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure has been made in respect thereof.

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

Hong Kong, 7 May 2009

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