

Third Quarterly Report

2013



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

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 (the “GEM Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), 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 GEM of the Stock Exchange. The SFC, The Hong Kong Exchanges and Clearing Limited, and the Stock Exchange 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: (i) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) 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 a turnover of approximately HK\$4,154,000 for the nine months ended 30 September 2013.

Loss for the nine months ended 30 September 2013 was approximately HK\$13,437,000.

Loss attributable to owners of the Company for the nine months ended 30 September 2013 amounted to approximately HK\$13,871,000.

Both basic and diluted loss per share were 0.34 HK cents.

The Directors do not recommend the payment of a dividend for the nine months ended 30 September 2013.

Third Quarterly Results (Unaudited)

The board of Directors of the Company (the "Board") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the period ended 30 September 2013 together with the comparative unaudited figures for the corresponding period in 2012.

Condensed Consolidated Statement of Comprehensive Income

	Note	Three months ended 30 September		Nine months ended 30 September	
		2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Revenue	3	2,048	2,532	4,154	7,511
Cost of sales		—	(256)	—	(522)
Gross profit		2,048	2,276	4,154	6,989
Other gains	4	—	—	8,899	—
Other income		44	73	158	276
Employee benefits expenses		(3,964)	(3,275)	(10,686)	(10,127)
Depreciation of property, plant and equipment		(964)	(1,165)	(3,018)	(3,550)
Amortization of intangible assets		(631)	(25)	(1,883)	(42)
Finance costs		(115)	(239)	(521)	(729)
Other operating expenses		(4,670)	(3,476)	(10,540)	(14,245)
Share of losses of associates		—	(85)	—	(299)
Loss before income tax		(8,252)	(5,916)	(13,437)	(21,727)
Income tax expense	5	—	—	—	—
Loss for the period		(8,252)	(5,916)	(13,437)	(21,727)
Other comprehensive income					
Currency translation differences		164	525	767	2
Other comprehensive income for the period, net of tax		164	525	767	2

	Note	Three months ended 30 September		Nine months ended 30 September	
		2013	2012	2013	2012
		HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Total comprehensive income for the period		(8,088)	(5,391)	(12,670)	(21,725)
Loss for the period attributable to:					
Owners of the Company		(8,686)	(6,005)	(13,871)	(21,205)
Non-controlling interests		434	89	434	(522)
		(8,252)	(5,916)	(13,437)	(21,727)
Total comprehensive income attributable to:					
Owners of the Company		(8,525)	(5,436)	(13,107)	(21,199)
Non-controlling interests		437	45	437	(526)
		(8,088)	(5,391)	(12,670)	(21,725)
Loss per share for loss attributable to the owners of the Company during the period					
— basic (HK cents)	6	(0.20)	(0.15)	(0.34)	(0.53)
— diluted (HK cents)	6	(0.20)	(0.15)	(0.34)	(0.53)

Condensed Consolidated Statements of Changes in Equity

For the nine months ended 30 September 2013

	Attributable to owners of the Company									
	Share capital	Share premium	Special reserve	Translation reserve	Warrants reserve	Share-based compensation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 January 2012	40,290	1,028,819	4,779	9,571	223	23,255	(969,935)	137,002	(3,558)	133,444
Total comprehensive income for the period	—	—	—	6	—	—	(21,205)	(21,199)	(526)	(21,725)
Balance as at 30 September 2012	40,290	1,028,819	4,779	9,577	223	23,255	(991,140)	115,803	(4,084)	111,719

	Attributable to owners of the Company									
	Share capital	Share premium	Special reserve	Translation reserve	Warrants reserve	Share-based compensation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 January 2013	40,290	1,028,819	4,779	9,730	223	23,255	(1,008,954)	98,142	—	98,142
Total comprehensive income for the period	—	—	—	764	—	—	(13,871)	(13,107)	437	(12,670)
Capital contributions from non-controlling interests	—	—	—	—	—	—	—	—	2,843	2,843
Issue of shares by way of placements	4,300	47,730	—	—	—	—	—	52,030	—	52,030
Share issue costs	—	(1,048)	—	—	—	—	—	(1,048)	—	(1,048)
Balance as at 30 September 2013	44,590	1,075,501	4,779	10,494	223	23,255	(1,022,825)	136,017	3,280	139,297

Notes:

1. General Information

First China Financial Network Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) is principally engaged in the provision of stock information and research services, broking and dealing of precious metals contracts 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 shares are listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (HK\$), while the functional currencies of certain subsidiaries are Renminbi (“RMB”). The Company has selected Hong Kong dollar as its presentation currency as management considered it is more beneficial to the user of the unaudited condensed consolidated financial statements. These unaudited condensed consolidated financial statements have been approved and authorized for issue by the board of directors on 8 November 2013.

2. Basis of Preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards. They have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and investment properties, which are carried at fair value.

In addition, the unaudited condensed consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The principal accounting policies applied in the preparation of these unaudited condensed consolidated financial statements were consistent with those applied for the financial statements of the Group for the year ended 31 December 2012.

3. Revenue

	Three months ended 30 September		Nine months ended 30 September	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Income from provision of stock information and research services	10	1,365	159	3,598
Trading gain on precious metal contracts, net	1,277	—	1,277	—
Income from provision of a trading platform	27	39	106	118
Commission, fees and premium income, net, from securities, futures brokerage and precious metal contracts	628	828	1,653	2,445
Interest income from clients	94	139	268	398
Net fair value (losses)/gains on securities trading	—	(123)	—	34
Rental income from investment property	—	269	624	806
Income from provision of wealth management services	12	15	67	112
	2,048	2,532	4,154	7,511

4. Other Gains

	Three months ended 30 September		Nine months ended 30 September	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Gain arising on disposal of an investment property	—	—	8,899	—
	—	—	8,899	—

5. Income Tax Expense

Hong Kong Profits Tax is calculated at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong for the period. Taxation on overseas profits is calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

6. Loss Per Share

Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company for the period ended 30 September 2013 of approximately HK\$13,871,000 (2012: loss HK\$21,205,000) by the weighted average number of 4,096,692,428 (2012: 4,028,964,120) ordinary shares in issue during the period.

Diluted

The computation of diluted loss per share for the periods ended 30 September 2012 and 2013 did not assume the exercise of the Company's share options and warrants outstanding during the periods ended 30 September 2012 and 2013 since their exercise would result in a decrease in loss per share.

7. Share Capital and Premium

	Number of issued shares (in thousands)	Ordinary shares HK\$'000	Share premium HK\$'000	Total HK\$'000
As at 1 January 2013	4,028,964	40,290	1,028,819	1,069,109
Issue of shares by way of placements	429,996	4,300	47,730	52,030
Share issue costs	—	—	(1,048)	(1,048)
As at 30 September 2013	4,458,960	44,590	1,075,501	1,120,091

The total authorized number of ordinary share is 10,000,000,000 shares (2012: 10,000,000,000 shares) with a par value of HK\$0.01 per share (2012: HK\$0.01 per share). All issued shares are fully paid.

8. Dividend

The Directors do not recommend the payment of a dividend for the nine months ended 30 September 2013 (2012: Nil).

Business Review

The Group in the first nine months of the year 2013 recorded a turnover of HK\$4.15 million, which was a decrease of approximately 44.7% compared with the last corresponding period. This was mainly due to tightened regulatory control by PRC government, income from provision of stock information and research services from Shenzhen operation of the Group were sharply reduced approximately 95.6% compared with the same period last year. In addition, the revenue of commission, income from securities and futures brokerage decreased approximately 32.4% compared with the last corresponding period because of slight transactions on Hong Kong stock market.

On 19 August 2013, the Company took place a placing with an aggregate of 429,996,000 placing shares which have been successfully placed by the placing agent to no less than six independent third parties at the placing price of HK\$0.121 per placing share pursuant to the terms and conditions of the Placing Agreement dated 23 July 2013. The net proceeds from the placing was approximately HK\$50.9 million, which 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.

Financial Review

The Group recorded an unaudited turnover of approximately HK\$4.15 million for the nine months ended 30 September 2013 compared with that of approximately HK\$7.51 million for the corresponding period in 2012. The decrease is mainly attributable to the fragile investment environment, resulting the reduction of income from provision of stock information and research services from Mainland China operation and reduction of commission income from securities and futures brokerage from Hong Kong operation. For the nine months ended 30 September 2013, income from provision of stock information and research services approximately HK\$0.16 million, which decreased around 95.6% compared with approximately HK\$3.60 million of the same period last year. For the nine months ended while, commission income from securities and futures brokerage together with the fees and premium income from precious metal contracts incurred during the period approximately HK\$1.65 million which decreased around 32.4% compared with approximately HK\$2.45 million of the same period last year.

Although the income from stock market sharply decreased, the Group entered into the precious metal business during the period under review had a trading gain on precious metal contracts approximately HK\$1.28 million. Moreover, other gains from disposal of an investment property approximately HK\$8.90 million which narrow the loss for the period.

Loss attributable to owners of the Company was approximately HK\$13.87 million under review, compared with a loss of approximately HK\$21.21 million for the corresponding period last year. In summary, the loss per share for the reporting period was approximately 0.34 HK cents while the loss per share was approximately 0.53 HK cents for the same period last year.

Outlook

Our Group has extra capital from share placing which was took place recently, the relevant capital are 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.

In addition to our core businesses in stock information and research services, stock brokerage business and margin financing, the Group is actively involved in precious metals businesses in China. And a subsidiary was incorporated in China which principal businesses are include the sale, distribution and trading of precious metal like silver, platinum, palladium etc. The new businesses have generated revenue for the Group.

The Group also 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 the China Next Generation Education Foundation (中國下一代教育基金會) ("CNGEF"), a charitable foundation managed by Education Department in the PRC. The operation of the School Safety Network Scheme may generate revenue to the Group.

On 21 October 2013, the Company entered into a Donation Agreement with CNGEF, in relation to the Company's proposed donation of up to RMB 5 million and 5 million sets of electronic student cards and peripheral devices to the CNGEF within 5 years from 21 October 2013 for the purpose of the School Safety Network Scheme. The major part of donation is conditional and subject to the CNGEF procuring students in China using the electronic student card.

On the same day, the Company further entered into a management agreement with CNGEF concerning the management of the School Safety Network Scheme, under which the Company is responsible for the expenses of the initiation and development of the Student Safety Network Scheme. 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), a wholly owned subsidiary of the Company in the PRC, 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. Furthermore, the said management of the Safety Network Scheme is being carried out by a subcontractor company in PRC 撫順市捷發廣告有限公司 (transliterated as Fushun Jie Fa Advertising Company Limited).

As the operation of the School Safety Network Scheme is depended on the telecommunication network service providers in PRC ("Service Providers"), the Company is responsible for instructing and liaising with the Service Providers. According to the proposal by the subcontractor, the revenue will be derived from the monthly fee charged by Service Providers to the users under the School Safety Network Scheme and it will be shared among the Service Providers, the Group, the providers of electronic student cards, CNGEF and the sub-contractor company.

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

As at 30 September 2013, 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 Directors	Number of shares			Total	Approximate percentage of shareholding
	Personal Interests	Family Interests	Corporate Interests		
Wang Wenming (Note 1)	450,212,307	145,116,650	—	595,328,957	13.35%
Lee Yiu Sun	110,060,000	—	—	110,060,000	2.47%
Wang Jiawei (Note 2)	202,043,628	—	—	202,043,628	4.53%
Song Binyang (Note 2)	—	202,043,628	—	202,043,628	4.53%
Liu Runtong	2,646,000	—	—	2,646,000	0.06%

Note:

- (1) Mr. Wang Wenming held 450,212,307 shares of the Company. Ms. Chen Dongjin, the spouse of Mr. Wang Wenming, held 145,116,650 shares of the Company. As such, Mr. Wang Wenming was deemed to be interested in 595,328,957 shares of the Company.
- (2) Mr. Wang Jiawei held 202,043,628 shares of the Company. Ms. Song Binyang, the spouse of Mr. Wang Jiawei, was deemed to be interested in 202,043,628 shares of the Company.

(b) Long positions in underlying shares of the Company

Share option scheme of the Company

The share option scheme adopted by the Company on 17 December 2001 (the “Old hare Option Scheme”) has expired on 16 December 2011. The Company adopted a new share option scheme on its Annual General Meeting held on 21 June 2012 (the “New Share Option Scheme”) which complies with Chapter 23 of GEM Listing Rules.

The following table discloses the details of the share options held by the Directors and chief executive to subscribe for shares of the Company during the period ended 30 September 2013:

Name of Directors	Date of grant	Number of share options				Outstanding as at 30 September 2013	Option period	Exercise price (HK\$)
		Outstanding as at 1 January 2013	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period			
Wang Wenming	13/04/2010	11,682,577	—	—	—	11,682,577	13/04/2010–12/04/2020	0.419
Lee Yiu Sun	13/04/2010	31,861,575	—	—	—	31,861,575	13/04/2010–12/04/2020	0.419
Lee Yiu Sun	05/09/2007	4,248,210	—	—	—	4,248,210	05/09/2007–04/09/2017	0.215
Liu Runtong	13/04/2010	31,861,575	—	—	—	31,861,575	13/04/2010–12/04/2020	0.419
Zhang Benzhen	13/04/2010	2,124,105	—	—	—	2,124,105	13/04/2010–12/04/2020	0.419

(c) Short positions in underlying shares of the Company

Name of Director	Number of shares		Approximate percentage of shareholding
	Personal Interest	Corporate Interest	
Lee Yiu Sun (Note 3)	50,000,000	—	1.12%

Note:

- (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 Company at such time and such price when Mr. Lee intends to transfer or 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 period under review, 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 into 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 30 September 2013, the following persons (not being a Director or chief executive 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
Wang Wenming and Chen Dongjin (Note 1)	Beneficial owners	595,328,957	13.35%

Note:

- (1) Ms. Chen Dongjin held 145,116,650 shares of the Company. Ms. Chen Dongjin is the spouse of a director of the Company, Mr. Wang Wenming who held 450,212,307 shares of the Company. As such, they were deemed to be collectively interested in 595,328,957 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 (Note 2)	Beneficial owners	11,682,577	0.26%

Note:

- (2) Pursuant to the Share Option Scheme, Mr. Wang Wenming was granted on 13 April 2010 share options, the number of shares underlying which was adjusted on 15 June 2010, to subscribe for 11,682,577 shares of the Company. Ms. Chen Dongjin is the spouse of Mr. Wang Wenming so they were deemed to be collectively interested in the share options to subscribe for 11,682,577 shares of the Company.

Save as disclosed above, as at 30 September 2013, 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 Share Options Granted by the Company

Share Option Scheme of the Company

The Company operates the Share Option Scheme under which the persons working for the interest of the Group are entitled to an opportunity to obtain equity interest in the Company. Since the share option scheme adopted by the Company on 17 December 2001 (the “Old Share Option Scheme”) has expired on 16 December 2011. The Company adopted a new share option scheme on its AGM held on 21 June 2012 (the “New Share Option Scheme”) which complies with Chapter 23 of GEM Listing Rules.

The outstanding options granted under the Old Share Option Scheme shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects. The provisions of the Old Share Option Scheme shall remain in full force and effect notwithstanding the expiry of the Old Share Option Scheme.

The New Share Option Scheme will remain valid for a period of 10 years commencing on 21 June 2012 and in such event, no further options will be offered but the provisions of the New Share Option Scheme shall in all other respects remain in full force and effect. The number of shares fall to be issued upon the exercise of all Options to be granted must not exceed 10% of the total issued share capital of the Company as at 21 June 2012, which is 402,896,412 shares.

The number of shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes are 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.

On 5 September 2007 and 13 April 2010, options to subscribe for 32,400,000 and 84,000,000 shares of the Company respectively were granted to the Directors and certain employees of the Company. As at 30 September 2013, details of the outstanding options were as follows:

Date of grant	Number of share options				Outstanding as at 30 September 2013 (Note)	Option period	Exercise price (HK\$)
	Outstanding as at 1 January 2013 (Note)	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period			
13/04/2010	86,026,253	—	—	—	86,026,253	13/04/2010–12/04/2020	0.419
05/09/2007	4,779,236	—	—	—	4,779,236	05/09/2007–04/09/2017	0.215

Note: Pursuant to the Share Option Scheme, 32,400,000 and 84,000,000 shares of share options were granted by the Company on 5 September 2007 and 13 April 2010 respectively and were adjusted on 15 June 2010.

Directors' Interest in Competing Business

As at 30 September 2013, the Directors were not aware of any business or interest of each Director, management shareholder (as defined in the GEM Listing Rules) and the respective associates of each that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

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.

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 nine months period ended 30 September 2013 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
First China Financial Network Holdings Limited
Lee Yiu Sun
Executive Director

Hong Kong, 8 November 2013

As of the date of this report, 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 Benzhen, Mr. Tony I Tong, Mr. Li Jianxing and Mr. Chen Shu Wen.