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

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

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

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

CORPORATE INFORMATION

EXECUTIVE DIRECTORS
Wang Wenming *(Chairman)*
Lee Yiu Sun *(CEO)*

NON-EXECUTIVE DIRECTOR
Liu Runtong

INDEPENDENT NON-EXECUTIVE DIRECTORS
Tsang Hing Lun
Zhang Benzheng
Yen Jong Ling

COMPLIANCE OFFICER
Lee Yiu Sun, FCPA

COMPANY SECRETARY
Chan Wai Lok

COMPOSITION OF BOARD COMMITTEES
Audit Committee
Tsang Hing Lun *(Chairman)*
Zhang Benzheng
Yen Jong Ling

Nomination Committee
Zhang Benzheng *(Chairman)*
Wang Wenming
Tsang Hing Lun
Yen Jong Ling

Remuneration Committee
Tsang Hing Lun *(Chairman)*
Wang Wenming
Zhang Benzheng
Yen Jong Ling

REGISTERED OFFICE
Century Yard, Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KYI-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS
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Habour City, 9 Canton Road, Tsimshatsui,
Kowloon, Hong Kong

COMPANY WEBSITE
www.firstchina.hk

STOCK CODE
08123

PRINCIPAL BANKER
Wing Hang Bank, Limited
161 Queen's Road Central
Hong Kong

AUDITORS
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
31st Floor Gloucester Tower
The Landmark, 11 Pedder Street
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Butterfield Fund Services (Cayman) Limited
P.O. Box 705 Butterfield House
68 Fort Street, George Town
Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Hong Kong Registrars Limited
46th Floor Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

CHIEF EXECUTIVE'S STATEMENT

BUSINESS REVIEW

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

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

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

CHIEF EXECUTIVE'S STATEMENT

BUSINESS REVIEW *(continued)*

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

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

FINANCIAL REVIEW

Results of the Group

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

CHIEF EXECUTIVE'S STATEMENT

FINANCIAL REVIEW *(continued)*

Results of the Group *(continued)*

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

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

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

Liquidity and financial resources

The Group is in healthy liquidity and financial position. As at 31 December 2009, the shareholders' fund of the Group amounted to approximately HK$162,227,000. As at 31 December 2009, the Group's cash and bank balances were approximately HK$88,906,000 (31 December 2008: approximately HK$74,379,000) of which approximately HK$34,901,000 were held on behalf of clients in trust and segregated accounts. Taking into account of the amount of liquid assets in hand, the Board is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

The Group manages the foreign exchange exposure arising from its normal course of business activities and investments in foreign operations by funding its local operations and investments through cash flows generated from business transactions locally. As the end of the year, the Group did not have any material un-hedged foreign exchange exposure or interest rate mismatch.

CHIEF EXECUTIVE'S STATEMENT

FINANCIAL REVIEW *(continued)*

Capital Structure

As at the end of 2009, the total number of the Company's issued shares had been increased to 2,954,123,215 shares after exercise of 20,000,000 share option as partial consideration for the acquisition of GoHi on 16 November 2007 pursuant to the Agreements as disclosed in the Company's circular dated 22 October 2007. The total net amount of fund raised through such share option exercises was about HK$3,000,000 which has been applied as working capital of the Group.

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

Stock Information and Research Services

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

Brokerage and trading platform

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

Wealth Management Services

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

Corporate Finance Services

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

CHARGES ON ASSETS

As at 31 December 2009, the Group did not have any charges on its assets (2008: Nil).

CHIEF EXECUTIVE'S STATEMENT

CONTINGENT LIABILITIES

As at 31 December 2009, the Group did not have any significant contingent liabilities (2008: Nil).

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

Other than the acquisition in the previous year of the entire shareholding of GoHi which directly owns 100% interest in First China Securities Consultancy (Shenzhen) Co., Limited ("First China Shenzhen") by the Group through its 100% equity interest in Aceview International Limited and the acquisition of Shenzhen Sky Picture during the year, 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 2009, the Group had a workforce of 436 employees (2008: 90). The total staff costs, including directors' emoluments, amounted to about HK$30,873,000 for the year ended 31 December 2009 (2008: approximately HK$12,935,000).

The increase in staff costs was mainly caused by the increase in employee benefits expenses and other operating expenses resulting from acquiring and obtaining the control of Shenzhen Sky Picture and its wholly owned subsidiary, Shenzhen Wealth Alliance Networking Co., Ltd. ("Wealth Alliance"), which became the subsidiaries of the Group and its financial information consolidated into the consolidated financial statements of the Group as from 3 March 2009.

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

OUTLOOK

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

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

CHIEF EXECUTIVE'S STATEMENT

OUTLOOK *(continued)*

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

I would like to take this opportunity to thank our shareholders, Board of Directors, our staff and business partners for their continuous support and commitment.

By order of the Board
Lee Yiu Sun
Chief Executive Officer

Hong Kong, 30 March 2010

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Mr. Wang Wenming, aged 47, is the Director and Chief Executive Officer of 首華證券諮詢（深圳）有限公司 (First China Securities Consultancy (Shenzhen) Co. Ltd.) ("First China Shenzhen"), one of China's leading stock information services companies. Prior to that, Mr. Wang had established (i) 深圳市廣信投資有限公司 (Shenzhen Guangxin Investment Co. Ltd.) which is an investment company, (ii) 深圳富盟網絡技術有限公司 (Shenzhen Wealth Alliance Networking Co. Ltd.) which is an I.T. network company, and (iii) 深圳畫天影視傳播有限公司 (Shenzhen Sky Picture Communications Co. Ltd.) which is an audio and video production company. Since the appointment of Mr. Wang Wenming as the Director of First China Shenzhen, under his leadership, First China Shenzhen has achieved growing revenue, profits, and industry recognition. As a result, First China Shenzhen was selected by the Futian District Government of the Shenzhen Municipality as one of "Shenzhen Futian District's Top 100 Taxpaying Enterprises" in 2003 and 2004 with annual tax payment of over RMB10,000,000. Due to Mr. Wang's excellent capability and great contribution to the Shenzhen Municipality, he has been elected as a Congressman of the 4 term of the People's Congress for Shenzhen Municipality, and Deputy Chairman of both the Enterprise Alliance Association and the Entrepreneur Association of Futian District of Shenzhen Municipality, China since 2005. In 2006, Mr. Wang was also selected by the Shenzhen Municipal Party Committee as "Entrepreneur that Supports Party's Development".

Mr. Lee Yiu Sun, aged 52, is the Chief Executive Officer of the Company and joined the Group in May 2000. Mr. Lee has over 20 years of experience in the securities and financial service sector. Starting from 1998, Mr. Lee is the committee member of First and Second and Third Election Committee of Hong Kong for Legislative Council and Chief Executive. Since 2008, Mr. Lee is the member of Financial Services Advisory Committee of Trade Development Council, the member of Investors Education Advisory Committee of Securities and Futures Commission. From 2009, Mr. Lee is being the committee member of Guangdong's Association for Promotion of Cooperation between Guangdong, Hong Kong & Macao, the Perm. Honorary President of Hong Kong Securities Association. Mr. Lee was formerly the Managing Director of Celestial Asia Securities Holdings Limited. Mr. Lee was a Council Member of the Stock Exchange of Hong Kong Limited from 1997 to 1999 and a Committee Member of the Chinese Gold and Silver Exchange Society from 1994 to 1999. Mr. Lee was also the member of the Banking and Financial Services Training Board of Vocational Training Centre in Hong Kong from 2000 to 2007. He was the Chairman of the Hong Kong Stockbrokers Association from 2007 to 2009. Mr. Lee holds a Master of Arts Degree in Accounting and Finance, and is an associate member of the Chartered Institute of Management Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountant.

NON-EXECUTIVE DIRECTOR

Mr. Liu Runtong, aged 36, obtained Bachelor Degree from Department of Chinese of Nankai University in 1996 and world economy postgraduate diploma from Jilin University in 2002. He also holds qualifications of economist, registered securities investment consulting analyst and registered insurance broker issued by various professional organizations in China. Since June 2008, Mr. Liu has been the executive vice president of 首華證券諮詢（深圳）有限公司, a PRC subsidiary of the Company. From 1 January 2010, he is the vice president of "First China Global Wealth Management Company Limited", a subsidiary of the Company and formerly known as "First China Ta Yu Global Wealth Management Limited". From May 2007 to September 2008, he was the president of 首華保險經紀有限公司, a PRC subsidiary of the Company and formerly known as 深圳市安和信保險經紀有限公司. For the past 13 years, Mr. Liu has held different positions in various financial media institutions and financial services institutions in Mainland China. During his tenure from 1998 to 2002 as a responsible person for marketing the newspaper "Securities Times", he participated in establishing the

DIRECTORS AND SENIOR MANAGEMENT PROFILE

"Panorama Network" (www.p5w.net), a well known securities website in China and acted as its major responsible person. In 2000, he acted as consultant in establishing and operating the program "Securities Times" produced by "China Central Television". From 2002 to 2007, he served as "Program Supervisor" in "Shenzhen Stock Exchange Shenzhen Securities Information Co., Ltd.", where he participated in setting up and managing "Trading Day", the 24-hour PRC program regarding securities. Because of his outstanding performance, he was elected as one of the "Ten Best Staff" of the "Shenzhen Stock Exchange" in 2004. Mr. Liu had 13 years of management experience in financial multimedia platform and financial services industry in China. Mr. Liu was appointed as non-executive director in February 2010.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Tsang Hing Lun, aged 60, joined the Group in June 2005. Dr. Tsang is the CEO of Influential Consultants Limited. He is a fellow member of the Hong Kong Institute of Directors, Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants. Dr. Tsang obtained his PhD in 2006. Dr. Tsang graduated from the Chinese University of Hong Kong with a bachelor degree in business administration (1 Class Hons.) in 1973. Dr. Tsang has served in a senior management capacity in several reputable publicly listed companies in Hong Kong and Singapore. Dr. Tsang joined the Hang Seng Bank group in 1973 and served the group for 17 years. He acted as the assistant general manager of the planning and development division of Hang Seng Bank before joining the UOB Group in Singapore in 1990 as its Head of International Branches Division and First Vice President. After working in the UOB Group, Dr. Tsang returned to Hong Kong in 1992 and acted as an executive director of The Stock Exchange of Hong Kong Limited in 1993, an executive director of China Champ Group in 1994, an alternate chief executive and deputy general manager of the China Construction Bank, Hong Kong Branch, from 1995 to 1998. He is currently an independent non-executive director of Beijing Media Corporation Limited, Sinotrans Shipping Limited as well as Sino-Ocean Land Holdings Ltd. and all these companies are listed on The Stock Exchange of Hong Kong Limited.

Professor Zhang Benzheng, aged 70, graduated with a bachelor's degree from the Faculty of Engineering Physics of the Tsinghua University in 1965. He was a visiting scholar in the Brookhaven National Laboratory of USA and the Stuttgart University of Germany. He was the vice director of the Tsinghua University R&D department and the general manager of Tsinghua University Science and Technology Corporation. During the period from 1999 to 2002, he held various senior positions in two companies listed on the Shenzhen Stock Exchange, namely Tsinghua Unisplendour Limited and Tsinghua Unisplendour Guhan Group Corporation. He was the chairman and legal representative of Tsinghua Unisplendour Guhan Group Corporation and president of Tsinghua Unisplendour Limited before he left these companies in 2002. He then joined Tsinghua Unisplendour (Group) Corporation in 2002 and was its president until 2004. Professor Zhang is currently the general vice president and secretary of the Beijing Non-Governmental Science & Technology Entrepreneurs Association. With his remarkable business leadership as well as exploratory initiatives, Professor Zhang had made tremendous contribution to the companies he worked for. He has not only gained compliments from the society at large, but has also won a series of honors. In 1997, Professor Zhang received the national prize of "The Third Term Science and Technology Light Award for Outstanding Scientific and Technological Entrepreneur". In 2000, he won the "Hong Kong Bauhinia Cup Outstanding Entrepreneur Award" and the "Entrepreneurial Talent" award issued by the Beijing Non-Governmental Science and Technology Entrepreneurs Association. In 2002, he was selected as the first lot of "Zhongguan Village Outstanding Entrepreneurs".

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Mr. Yen Jong Ling, aged 48, holds a Master's degree in Business Administration from State University of New York at Buffalo and a Master's degree in Science, Finance from New York University. He also holds the professional qualifications of CFA and FRM as well as the professional licenses for Type 9 (Asset management) and Type 4 (Advising on securities) regulated activities under the Securities and Futures Ordinance of Hong Kong. Currently, he is the responsible officer of China Merchants Securities (HK) Co., Limited. For the past 17 years, Mr. Yen held various senior positions with different financial institutions in New York, Hong Kong and Taiwan. From September 2006 to October 2007, he was an executive director of AVANTA Investment (International) Limited and was responsible for fund management and investment advisory services. In 2004, he was a managing director of Crosby Asset Management (Hong Kong) Limited and was responsible for setting up a fund. Between 2001 and 2003, he was the president of Hwa Yu Securities Investment Advisory Company and was responsible for promoting investment advisory services and managing discretionary accounts. With over 17 years of exposure in investing in the international capital market, Mr. Yen has vast experience in fund management including mutual fund, pension fund, insurance investment portfolio and management of institutional accounts.

DIRECTORS' REPORT

The Directors are pleased to present their annual report together with the audited financial statements of the Company and the Group for the year ended 31 December 2009.

CORPORATE INFORMATION

The Company was incorporated on 24 May 2001 as an exempted company with limited liability in the Cayman Islands under the Company Law of Cayman Islands.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities and other particulars of the Company's subsidiaries are set out in note 19 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2009 are set out in the Consolidated Statement of Comprehensive Income on page 3.

The Directors do not recommend the payment of a dividend nor transfer of any amount to reserves for the year ended 31 December 2009 (2008: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group and the Company during the year are set out in note 16 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 30 to the financial statements.

DISTRIBUTABLE RESERVES

Under the Companies Law of the Cayman Islands, the share premium of the Company is available for distribution as dividends to its shareholders subject to the provisions of its Memorandum and Articles of Association and a statutory solvency test. In accordance with Article 137 of the Articles of Association of the Company, dividends may be declared and paid out of the profits of the Company or from any reserves set aside from profits which the Directors determine to be no longer needed. With the sanction of an ordinary resolution, dividends may also be declared or paid out of share premium account. Accordingly, the Company's reserves available for distribution was HK$Nil as at 31 December 2009.

DIRECTORS' REPORT

DIRECTORS

The Directors of the Company during the year and up to the date of this report are as follows:

Executive Directors
Wang Wenming *(Chairman)*
Lee Yiu Sun *(Chief Executive Officer)*

Non-executive Director
Liu Runtong (appointed on 2 February 2010)

Independent Non-executive Directors
Tsang Hing Lun
Zhang Benzheng
Yen Jong Ling

In accordance with Article 87(1) of the Company's Articles of Association, the Directors retiring by rotation at the annual general meeting are Mr. Wang Wenming and Mr. Lee Yiu Sun. Moreover, in accordance with Article 86(3), Mr. Liu Runtong being appointed by the Directors after the Company's last annual general meeting held on 13 May 2009, will hold office only until the annual general meeting. All three Directors are being eligible for re-election and will offer themselves for re-election at the forthcoming annual general meeting. The remaining Director shall continue to hold office.

Mr. Wang Wenming is a Director of Fame Treasure Limited, which has an interest in the share capital of the Company that would fall to be disclosed to the Company under the provisions in Division 2 and 3 of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract during the year with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation other than statutory compensation.

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 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

	Number of shares			Approximate
Name of Director	Personal Interests	Corporate Interests	Total	percentage of shareholding
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%
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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY *(continued)*

(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, the details of which as at 31 December 2009 are as follows:

			Number of share options					
Name of Director	Date of grant	Outstanding as at 1 January 2009	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Outstanding as at 31 December 2009	Option period	Exercise price HK$
Richard Yingneng Yin	05/09/2007	5,000,000	—	—	5,000,000 (Note 3)	—	05/09/2007–04/09/2017	0.228
Lee Yiu Sun	05/09/2007	4,000,000	—	—	—	4,000,000	05/09/2007–04/09/2017	0.228

Note:

(3) Mr. Richard Yingneng Yin had ceased to be a director of the Company in the year 2008. However, pursuant to a resolution by a Company's committee, the exercise period of the 5,000,000 share options granted to Mr. Yingneng Yin had been extended to 8 March 2009, when these share options finally lapsed.

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

Pursuant to the Agreement dated 11 July 2007 and the Supplementary 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) (the "Options") subject to the fulfillment of certain conditions as stipulated in the Agreements. With the fulfillment of the said conditions for the 12-month periods 30 June 2008, an Option to subscribe for 20,000,000 shares had been granted to Mr. Wang Wenming who exercised the Option and was allotted 20,000,000 Company's shares on 15 January 2009.

Besides, with the fulfillment of the said conditions for the 12-month period 30 June 2009, an option to subscribe for another 20,000,000 shares had been granted to Mr. Wang Wenming who exercised the option and was allotted 20,000,000 Company's shares on 26 February 2010.

Accordingly, pursuant to the aforesaid Agreements, the remaining Option to subscribe for the shares of the Company which has not yet been exercised is 20,000,000 Company's shares of the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY *(continued)*

(b) Long positions in underlying shares of the Company *(continued)*

(ii) Agreement and Subscription Agreement involving granting of share options (continued)

Save as disclosed above, at no time during the year 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 year.

(c) Short positions in underlying shares of the Company

	Number of shares		
Name of Director	Personal Interests	Corporate Interests	Approximate percentage of shareholding
Lee Yiu Sun	50,000,000 (Note 4)	—	1.69%

Note:

(4) 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 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 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 31 December 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	Beneficial owners	345,958,000 (note 1)	11.71%
	Interested in a controlled corporation	343,689,215 (note 2)	11.63%

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 aforesaid 343,689,215 shares held by Fame Treasure Limited.

(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 3)	1.35%

Note:

(3) On 16th 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 by the Group. As Ms. Chen Dongjin is the spouse of Mr. Wang Wenming, she is deemed to be interested in the said Option granted to Mr. Wang Wenming. With the fulfillment of the said conditions for the 12-month periods 30 June 2008, an Option to subscribe for 20,000,000 shares had been granted to Mr. Wang Wenming who exercised the Option and was allotted 20,000,000 shares of the Company on 15 January 2009.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY *(continued)*

(b) Long positions in underlying shares of the Company *(continued)*

Note: (continued)

With the fulfillment of the said conditions for the 12-month period 30 June 2009, another Option to subscribe for another 20,000,000 shares had been granted to Mr. Wang Wenming who exercised the Option and was allotted 20,000,000 shares of the Company on 26 February 2010.

Accordingly, pursuant to the aforesaid Agreements, up to the date of this report, the remaining Option to subscribe for the shares of the Company which has not yet been exercised is 20,000,000 shares of the Company.

Save as disclosed above, as at 31 December 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 has adopted a share option scheme (the "Scheme") under which the Directors or employees of the Company or its subsidiaries or certain other persons may be granted share options to subscribe for shares of the Company subject to the terms and conditions stipulated in the Scheme.

(1) Summary of the Scheme

(i) Purpose of the Scheme

The purpose of the Scheme is to provide the people and the parties working for the interest of the Group with an opportunity to obtain equity interest in the Company, thus linking their interest with the interest of the Group and thereby providing them with an incentive to work better for the interest of the Group.

(ii) Participants of the Scheme

Pursuant to the Scheme, the Company may grant share options to (i) employees of the Company (whether full-time or part-time) or any of its subsidiaries or associated companies; (ii) Directors (whether Executive Directors, Non-executive Directors or Independent Non-executive Directors) of the Company or any of its subsidiaries or associated companies; (iii) suppliers of goods and/or services to the Company or any of its subsidiaries or associated companies; and (iv) professionals engaged by the Company or any of its subsidiaries or associated companies.

DETAILS OF THE OPTIONS GRANTED BY THE COMPANY *(continued)*

(a) Share Option Scheme of the Company *(continued)*

(1) Summary of the Scheme *(continued)*

(iii) Total number of shares available for issue under the Scheme

As at 31 December 2009, the total number of shares available for issue under the Scheme was 207,088,600 shares, representing about 7.01% of the total issued capital.

(iv) Maximum entitlement of each participant

The maximum number of shares of the Company issued and to be issued upon exercise of the options granted and to be granted pursuant to the Scheme and any other share option schemes of the Company (including the Pre-IPO Share Option Plan) to each participant in any 12-month period up to the date of grant of the options shall not exceed 1% of the total number of shares of the Company in issue, save for those share options already granted under the Pre-IPO Share Option Plan.

(v) Option Period

An option may be exercised in accordance with the terms of the Scheme at any time during a period of not more than ten years to be notified by the Board of Directors of the Company (the "Board") to each participant which period of time shall commence on the date on which an offer of the grant of an option is accepted or deemed to have been accepted in accordance with the Scheme and expire on the last day of such period as determined by the Board. There is no minimum period for which an option must be held before it can be exercised.

(vi) Payment on acceptance by option offer

HK$1.00 is payable by the participant to the Company on acceptance of the option offer as consideration for the grant and received by the Company within 14 days from the offer date or within such offer period of time as may be determined by the Board pursuant to the GEM Listing Rules.

(vii) Basis of determining the exercise price

The exercise price per share of the Company under the Scheme is determined by the Board and notified to each participant and shall be no less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotations sheet issued by the Stock Exchange on the date of offer, which must be a day on which the Stock Exchange is open for the business of dealing in securities ("Trading Day"), (ii) the average closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange for the five consecutive Trading Days immediately preceding the date of offer, and (iii) the nominal value of a share of the Company.

DETAILS OF THE OPTIONS GRANTED BY THE COMPANY *(continued)*

(a) Share Option Scheme of the Company *(continued)*

(1) Summary of the Scheme (continued)

(viii) Remaining life of the Scheme

The Share Option Scheme will remain valid for a period of 10 years commencing on 17 December 2001 (save that the Company, by ordinary resolution in general meeting or Board may at any time terminate the operation of the Share Option Scheme) and in such event, no further options will be offered but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect.

(2) Details of share options granted by the Company

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 December 2009, details of the outstanding options were as follows:

	Number of share options						
Date of grant	Outstanding as at 1 January 2009	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Outstanding as at 31 December 2009	Option period	Exercise price HK$
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 in each of the 12-month periods 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 30 June 2008, an Option to subscribe for 20,000,000 shares had been granted to Mr. Wang Wenming who exercised the Option and was allotted 20,000,000 shares on 15 January 2009.

With the fulfillment of the said conditions for the 12-month periods 30 June 2009, another Option to subscribe for another 20,000,000 shares had been granted to Mr. Wang Wenming who exercised the Option and was allotted 20,000,000 shares on 26 February 2010.

Accordingly, pursuant to the aforesaid Agreements, the remaining Option to subscribe for the shares of the Company which has not yet been exercised is 20,000,000 shares of the Company.

DIRECTORS' REPORT

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the share option scheme and the subscription agreement as described above and in notes 30 and 32 to the financial statements, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors 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 year.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

There was no contract of significance, save as disclosed in the financial statements, in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MAJOR CUSTOMERS AND SUPPLIERS

For the year under review, the Group's turnover attributable to its five largest customers combined accounted for less that 7% of the Group's total turnover.

The Group had no major supplier due to the nature of principal activities of the Group.

NON-EXEMPT CONTINUING CONTINUING TRANSACTION

On 1 July 2007, First China Shenzhen, a wholly-owned subsidiary of the Company, had entered into a cooperation agreement with Wealth Alliance for a term of 20 years commencing from 1 July 2007 (the "Cooperation Agreement"), pursuant to which both parties had agreed to cooperate to operate an interactive financial website named Stock Online and to sell an investor software and financial information package known as Stock Expert. The Cooperation Agreement had constituted a non-exempt continuing connected transaction under the GEM Listing Rules, further details of which had been disclosed in the Company's announcement dated 9 April 2008 that had disclosed the annual caps of the reasonable charges to be incurred by Wealth Alliance under the Cooperation Agreement for each of the three years ending 31 December 2010.

On 3 March 2009, the Group entered into a series of agreements to acquire control of Shenzhen Sky Picture 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. Since then, the Cooperation Agreement has no longer constituted a continuing connected transaction under the GEM Listing Rules and the relevant annual caps has no longer been applicable to the Group.

DIRECTORS' REPORT

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

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.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

AUDITORS

The accompanying financial statements were audited by Messrs. HLB Hodgson Impey Cheng. A resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Lee Yiu Sun
Chief Executive Officer

Hong Kong, 30 March 2010

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board assumes overall responsibility for the leadership and control of the Group, including providing and setting the Group's directions and strategies in the interests of the Group. It believes in good corporate governance and corporate governance practices that promote investor confidence, development of the Group, and transparency while having the long term interest of the Group and enhancement of shareholders' value as the ultimate objectives. It is committed to and has applied the principles of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules ("Corporate Governance Code"). The Company was in compliance with the Corporate Governance Code.

DIRECTORS' SECURITIES TRANSACTIONS

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

THE BOARD OF DIRECTORS

Comprising of two executive and four non-executive directors (including three independent non-executive directors), the present board has an appropriate composition of directors. In ensuring that the Company has an effective Board, the segregation of the role of Chairman and Chief Executive Officer has been in place since the listing of the Company on the Stock Exchange. Other than Dr. Tsang Hing Lun whose term of appointment spans three years, all other non-executive directors are each appointed on a two-year term. The Company has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and is in the opinion that all independent non-executive directors are independent.

The present board of directors consists of:

Wang Wenming	*(Chairman)*
Lee Yiu Sun	*(Chief Executive Officer)*
Liu Runtong (appointed on 2 February 2010)	*(Non-executive Director)*
Tsang Hing Lun	*(Independent Non-executive Director)*
Zhang Benzheng	*(Independent Non-executive Director)*
Yen Jong Ling	*(Independent Non-executive Director)*

The Board is mandated to determine and review strategic objectives, appoint and supervise senior management, approve quarterly, interim and annual reports, and review the principal risks of the Group's business to ensure that these risks are within manageable limits. It is also mandated to approve any substantial investment, acquisition or disposal by the Company. Major corporate matters that are delegated to the management include the execution of business strategies and initiatives approved by the Board and the preparation of quarterly, interim and annual reports for the Board's approval. Mr. Wang Wenming (Chairman) is deemed to be interested in the Company's shares owned by Fame Treasure Limited in which Mr. Wang is the controlling shareholder.

THE BOARD OF DIRECTORS *(continued)*

There were four board meetings during the year. The attendance of Directors at the board meetings was as follows:

Members	Attendance No. of meetings attended/ No. of meetings during term of service
Wang Wenming	4/4
Lee Yiu Sun	4/4
Tsang Hing Lun	4/4
Zhang Benzheng	4/4
Yen Jong Ling	4/4

REMUNERATION OF DIRECTORS

The Company has established a Remuneration Committee with specific written terms of reference.

The Remuneration Committee consists of three independent non-executive directors, Dr. Tsang Hing Lun, Professor Zhang Benzheng and Mr. Yen Jong Ling; and one executive director, Mr. Wang Wenming. Dr. Tsang Hing Lun is the chairman of the committee. The Remuneration Committee's role and function include making recommendations to the Board on the Company's policy and structure for remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. It also has the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management.

The Company's remuneration policies are determined on the basis of the contributions of staff and directors. Long-term incentive schemes for staff and directors include share options and cash bonuses.

The Remuneration Committee held one meeting during the year and the attendance of its members was as follows:

Members	Attendance No. of meetings attended/ No. of meetings during term of service
Tsang Hing Lun	1/1
Zhang Benzheng	1/1
Yen Jong Ling	1/1
Wang Wenming	1/1

REMUNERATION OF DIRECTORS *(continued)*

During the year, the Remuneration Committee's work includes determining the policy for the remuneration of executive directors and senior management, considering the terms of executive directors' employment contracts, providing advice on employee remuneration for the year 2009, and making recommendations to the Board for granting of share options under the Share Option Scheme of the Company.

NOMINATION OF DIRECTORS

The Company has established a Nomination Committee with specific written terms of reference. The Nomination Committee consists of three independent non-executive directors, Professor Zhang Benzheng, Dr. Tsang Hing Lun and Mr. Yen Jong Ling; and one executive director, Mr. Wang Wenming. Professor Zhang Benzheng is the chairman of the committee. The Nomination Committee's role and function include reviewing the structure, size and composition of the board of directors on a regular basis and making recommendations regarding any proposed changes; identifying and recommending individuals suitably qualified to become board members; and assessing the independence of independent non-executive directors.

The Nomination Committee held one meeting during the year and the attendance of its members was as follows:

Members	Attendance No. of meetings attended/ No. of meetings during term of service
Tsang Hing Lun	1/1
Zhang Benzheng	1/1
Yen Jong Ling	1/1
Wang Wenming	1/1

On the nomination process, the Nomination Committee review suggested candidates for directorship having regard to the candidates' reputation and the specific skills or expertise that the candidates can contribute to the Company in the light of the structure, size, and composition of the board of directors. Only candidates who have integrity and can provide specific contributions to the Company thereby enhancing the value of the Company are considered for nomination to the board of directors by the Nomination Committee.

During the year, the Nomination Committee's work included reviewing the structure, size, independence and composition of the Board of Directors and made recommendations thereon. Each director has also completed a self-assessment form regarding his skills and experience for the requirements of the business of the Group for review by the Nomination Committee.

CORPORATE GOVERNANCE REPORT

AUDITORS' REMUNERATION

For the year ended 31 December 2009, the Group had engaged its auditors, Messrs. HLB Hodgson Impey Cheng, to provide the following services and the respective fees charged by them are set out below:

Type of services	2009 Approximately HK$
Audit of the financial statements of the Group	680,000
Non-audit services	
— Taxation services	60,000
— Review of financial information and internal control system	330,000
	1,070,000

AUDIT COMMITTEE

The Company has established an Audit Committee with specific written terms of reference. The Audit Committee consists of three independent non-executive directors, Dr. Tsang Hing Lun, Professor Zhang Benzheng and Mr. Yen Jong Ling. Chaired by Dr. Tsang Hing Lun, the Audit Committee's role and function include 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 auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard; 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 has reviewed the financial statements of the Group for the year ended 31 December 2009 pursuant to the relevant provisions contained in the Code of Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules and was of the opinion that such statements had complied with applicable accounting standards and that adequate disclosures had been made in respect thereof.

The Audit Committee held four meetings during the year and the attendance of its members was as follows:

Members	Attendance No. of meetings attended/ No. of meetings during term of service
Tsang Hing Lun	4/4
Zhang Benzheng	4/4
Yen Jong Ling	4/4

AUDIT COMMITTEE *(continued)*

During the year, the Audit Committee's work includes reviewing the Company's quarterly, half yearly and annual results, reviewing the Company's system of internal control, and the Company's accounting policies.

The directors' responsibilities for preparing the accounts and the reporting responsibilities of the auditors are set out on pages 28 to 29.

INTERNAL CONTROL

The Board is responsible for the internal controls of the Group and for reviewing its effectiveness. The Board requires management to establish and maintain sound and effective internal controls. Evaluation of the Group's internal controls is conducted by management on an on-going basis.

The Board and the Audit Committee have reviewed the effectiveness of its internal control systems on the major operations of the Group by appointing a professional accounting firm on their behalf. The scope of review by the professional accounting firm had been determined and approved by the audit committee, and covered all material controls including financial, operational, and compliance controls, as well as risk management functions. The professional accounting firm reported major internal control findings during the review to the Board and the Audit Committee which have been followed up and improved.

The Board and the Audit Committee consider that the Group's internal control system is effective and adequate and that the Group has fully complied with the Code Provision regarding internal controls as stated in the Code on Corporate Governance.

INDEPENDENT AUDITORS' REPORT

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street, Central
Hong Kong

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
FIRST CHINA FINANCIAL NETWORK HOLDINGS LIMITED
(FORMERLY KNOWN AS FIRST CHINA FINANCIAL HOLDINGS LIMITED)
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of First China Financial Network Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 103, which comprise the consolidated and company statements of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

INDEPENDENT AUDITORS' REPORT

opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 30 March 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Note	2009 HK$	2008 HK$
Revenue	5	**85,320,229**	72,155,034
Cost of sales and services		**—**	(12,387,545)
Other gains	7	**1,615,036**	27,790
Other income	8	**1,987,495**	2,452,188
Employee benefits expenses	10	**(30,873,543)**	(12,935,423)
Depreciation of property, plant and equipment	16	**(3,630,306)**	(2,471,701)
Amortization of intangible assets	17	**(3,726,645)**	(34,582)
Impairment of goodwill	17	**—**	(635,784,473)
Impairment of amount due from an associate	20	**—**	(571,570)
Impairment of trade receivables	23	**—**	(2,244,960)
Other operating expenses		**(39,671,275)**	(28,083,133)
Share of (loss)/profit of associates	20	**(321,096)**	12,699
Profit/(loss) before income tax	9	**10,699,895**	(619,865,676)
Income tax expense	13	**(7,654,821)**	(6,410,352)
Profit/(loss) for the year		**3,045,074**	(626,276,028)
Other comprehensive income			
Net gains transferred to profit or loss on disposal of available-for-sale financial assets		**(818,303)**	—
Change in fair value of available-for-sale financial assets		**464,877**	(517,368)
Currency translation differences:			
— Group		**700,939**	2,741,336
— Associates		**237**	—
Release of translation reserve upon disposal of a subsidiary		**(224,114)**	—
Other comprehensive income for the year, net of tax		**123,636**	2,223,968
Total comprehensive income/(loss) for the year		**3,168,710**	(624,052,060)
Profit/(loss) for the year attributable to:			
Equity holders of the Company	14	**3,404,795**	(626,262,225)
Minority interests		**(359,721)**	(13,803)
		3,045,074	(626,276,028)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**3,528,170**	(624,038,257)
Minority interests		**(359,460)**	(13,803)
		3,168,710	(624,052,060)
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company during the year			
— basic	15	**0.12 HK cents**	(24.29) HK cents
— diluted	15	**0.12 HK cents**	(24.29) HK cents

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2009

		The Group		The Company	
		2009	2008	**2009**	2008
	Note	**HK$**	HK$	**HK$**	HK$
Non-current assets					
Property, plant and equipment	16	**13,315,420**	7,179,119	**1,053,000**	1,498,904
Intangible assets	17	**177,090,438**	28,100,002	**—**	—
Statutory deposits and other assets	18	**2,075,000**	3,790,518	**—**	—
Investments in subsidiaries	19	**—**	—	**4,771,260**	4,771,260
Investments in associates	20	**1,001,131**	149,697	**—**	—
Available-for-sale financial assets	21	**—**	734,692	**—**	—
		193,481,989	39,954,028	**5,824,260**	6,270,164
Current assets					
Held-for-trading investments	22	**—**	34,620	**—**	—
Trade receivables	23	**17,450,098**	34,128,938	**—**	—
Other receivables	24	**34,494,867**	24,765,756	**426,546**	172,152
Amounts due from subsidiaries	19	**—**	—	**120,720,301**	108,163,041
Amount due from an associate	20	**2,396,430**	—	**—**	—
Bank balances and cash	25	**88,905,605**	74,379,252	**2,579,310**	22,534,432
		143,247,000	133,308,566	**123,726,157**	130,869,625
Total assets		**336,728,989**	173,262,594	**129,550,417**	137,139,789
Current liabilities					
Trade payables	26	**51,795,602**	9,278,106	**—**	—
Other payables and deferred income		**7,358,246**	7,507,418	**1,530,957**	809,791
Amounts due to subsidiaries	19	**—**	—	**1,594,055**	1,568,668
Amount due to an associate	20	**—**	74,813	**—**	—
Short-term bank loan	27	**14,727,700**	—	**—**	—
Loan payable under control agreements — amount due within one year	28	**30,021,850**	—	**—**	—
Current income tax liabilities		**5,622,887**	631,447	**—**	—
		109,526,285	17,491,784	**3,125,012**	2,378,459
Net current assets		**33,720,715**	115,816,782	**120,601,145**	128,491,166
Total assets less current liabilities		**227,202,704**	155,770,810	**126,425,405**	134,761,330

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2009

		The Group		The Company	
		2009	2008	**2009**	2008
	Note	**HK$**	HK$	**HK$**	HK$
Non-current liabilities					
Loan payable under control agreements — amount due after one year	28	**32,854,100**	—	**—**	—
Deferred income tax liabilities	29	**31,456,395**	—	**—**	—
		64,310,495	—	**—**	—
Net assets		**162,892,209**	155,770,810	**126,425,405**	134,761,330
Capital and reserves					
Share capital	30	**29,541,232**	29,341,232	**29,541,232**	29,341,232
Share premium	30	**495,488,494**	478,227,885	**495,488,494**	478,227,885
Special reserve	31	**4,778,740**	4,778,740	**—**	—
Available-for-sale investments revaluation reserve		**—**	353,426	**—**	—
Translation reserve		**4,150,738**	3,673,937	**—**	—
Shares to be issued	34(c)	**336,000,000**	336,000,000	**336,000,000**	336,000,000
Share options reserve	34(c)	**28,921,218**	43,381,827	**28,921,218**	43,381,827
Share-based compensation reserve	32	**795,173**	1,767,050	**795,173**	1,767,050
Accumulated losses		**(737,448,308)**	(741,824,980)	**(764,320,712)**	(753,956,664)
Equity attributable to the Company's equity holders		**162,227,287**	155,699,117	**126,425,405**	134,761,330
Minority interests		**664,922**	71,693	**—**	—
Total equity		**162,892,209**	155,770,810	**126,425,405**	134,761,330

Wang Wenming
Director

Lee Yiu Sun
Director

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Attributable to the equity holders of the Company											
The Group	Share capital HK$ (Note 30)	Share premium HK$ (Note 30)	Special reserve HK$ (Note 31)	Available-for-sale investments revaluation reserve HK$	Translation reserve HK$	Shares to be issued HK$ (Note 34(c))	Share options reserve HK$ (Note 34(c))	Share-based compensation reserve HK$ (Note 32)	Accumulated losses HK$	Total HK$	Minority interests HK$	Total equity HK$
Balance as at 1 January 2008	25,384,340	187,589,377	4,778,740	870,794	932,601	504,000,000	14,460,609	4,240,920	(115,916,165)	626,341,216	85,496	626,426,712
Total comprehensive loss for the year	—	—	—	(517,368)	2,741,336	—	—	—	(626,262,225)	(624,038,257)	(13,803)	(624,052,060)
Share option scheme												
— issue of shares under the share option scheme	120,000	2,616,000	—	—	—	—	—	—	—	2,736,000	—	2,736,000
— vested share options lapsed	—	—	—	—	—	—	—	(353,410)	353,410	—	—	—
— transfer upon exercise of employee share options	—	2,120,460	—	—	—	—	—	(2,120,460)	—	—	—	—
Issue of shares upon exercise of options granted under a subscription agreement	400,000	640,000	—	—	—	—	—	—	—	1,040,000	—	1,040,000
Issue of Consideration Shares (Note 34(c))	2,000,000	166,000,000	—	—	—	(168,000,000)	—	—	—	—	—	—
Issue of Bonus Shares (Note 34(c))	1,436,892	119,262,048	—	—	—	—	—	—	—	120,698,940	—	120,698,940
Fair values of Option in respect of acquisition of subsidiaries (Note 34(c))	—	—	—	—	—	—	28,921,218	—	—	28,921,218	—	28,921,218
Balance as at 31 December 2008	29,341,232	478,227,885	4,778,740	353,426	3,673,937	336,000,000	43,381,827	1,767,050	(741,824,980)	155,699,117	71,693	155,770,810

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Attributable to the equity holders of the Company											
The Group	Share capital HK$ (Note 30)	Share premium HK$ (Note 30)	Special reserve HK$ (Note 31)	Available-for-sale investments revaluation reserve HK$	Translation reserve HK$	Shares to be issued HK$ (Note 34(c))	Share options reserve HK$ (Note 34(c))	Share-based compensation reserve HK$ (Note 32)	Accumulated losses HK$	Total HK$	Minority interests HK$	Total equity HK$
Balance as at 31 December 2008 and 1 January 2009	29,341,232	478,227,885	4,778,740	353,426	3,673,937	336,000,000	43,381,827	1,767,050	(741,824,980)	155,699,117	71,693	155,770,810
Total comprehensive income for the year	—	—	—	(353,426)	476,801	—	—	—	3,404,795	3,528,170	(359,460)	3,168,710
Capital contributions from minority interests	—	—	—	—	—	—	—	—	—	—	1,212,939	1,212,939
Disposal of a subsidiary	—	—	—	—	—	—	—	—	—	—	(63,076)	(63,076)
Disposal of partial equity interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	(197,174)	(197,174)
Issue of shares upon exercise of Option in respect of acquisition of subsidiaries (Note 34(c))	200,000	2,800,000	—	—	—	—	—	—	—	3,000,000	—	3,000,000
Transfer upon exercise of Option in respect of acquisition of subsidiaries (Note 34(c))	—	14,460,609	—	—	—	—	(14,460,609)	—	—	—	—	—
Share option scheme — vested share options lapsed	—	—	—	—	—	—	—	(971,877)	971,877	—	—	—
Balance as at 31 December 2009	29,541,232	495,488,494	4,778,740	—	4,150,738	336,000,000	28,921,218	795,173	(737,448,308)	162,227,287	664,922	162,892,209

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2009

The Company	Share capital HK$ (Note 30)	Share premium HK$ (Note 30)	Shares to be issued HK$ (Note 34(c))	Share options reserve HK$ (Note 34(c))	Share-based compensation reserve HK$ (Note 32)	Accumulated losses HK$	Total equity HK$
Balance as at 1 January 2008	25,384,340	187,589,377	504,000,000	14,460,609	4,240,920	(101,774,424)	633,900,822
Total comprehensive loss for the year	—	—	—	—	—	(652,535,650)	(652,535,650)
Share option scheme							
— issue of shares under the share option scheme	120,000	2,616,000	—	—	—	—	2,736,000
— vested share options lapsed	—	—	—	—	(353,410)	353,410	—
— transfer upon exercise of employee share options	—	2,120,460	—	—	(2,120,460)	—	—
Issue of shares upon exercise of options granted under a subscription agreement	400,000	640,000	—	—	—	—	1,040,000
Issue of Consideration Shares (Note 34(c))	2,000,000	166,000,000	(168,000,000)	—	—	—	—
Issue of Bonus Shares (Note 34(c))	1,436,892	119,262,048	—	—	—	—	120,698,940
Fair values of Option in respect of acquisition of subsidiaries (Note 34(c))	—	—	—	28,921,218	—	—	28,921,218
Balance as at 31 December 2008	29,341,232	478,227,885	336,000,000	43,381,827	1,767,050	(753,956,664)	134,761,330

The Company	**Share capital HK$ (Note 30)**	**Share premium HK$ (Note 30)**	**Shares to be issued HK$ (Note 34(c))**	**Share options reserve HK$ (Note 34(c))**	**Share-based compensation reserve HK$ (Note 32)**	**Accumulated losses HK$**	**Total equity HK$**
Balance as at 31 December 2008 and 1 January 2009	**29,341,232**	**478,227,885**	**336,000,000**	**43,381,827**	**1,767,050**	**(753,956,664)**	**134,761,330**
Total comprehensive loss for the year	**—**	**—**	**—**	**—**	**—**	**(11,335,925)**	**(11,335,925)**
Issue of shares upon exercise of Option in respect of acquisition of subsidiaries (Note 34(c))	**200,000**	**2,800,000**	**—**	**—**	**—**	**—**	**3,000,000**
Transfer upon exercise of Option in respect of acquisition of subsidiaries (Note 34(c))	**—**	**14,460,609**	**—**	**(14,460,609)**	**—**	**—**	**—**
Share option scheme							
— vested share options lapsed	**—**	**—**	**—**	**—**	**(971,877)**	**971,877**	**—**
Balance as at 31 December 2009	**29,541,232**	**495,488,494**	**336,000,000**	**28,921,218**	**795,173**	**(764,320,712)**	**126,425,405**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2009

	Note	2009 HK$	2008 HK$
Cash flows from operating activities			
Profit/(loss) before income tax		**10,699,895**	(619,865,676)
Adjustments for:			
— Depreciation of property, plant and equipment		**3,630,306**	2,471,701
— Amortization of intangible assets		**3,726,645**	34,582
— Share of loss/(profit) of associates		**321,096**	(12,699)
— Gain on disposal of property, plant and equipment		**(19,303)**	(27,790)
— Impairment of goodwill		**—**	635,784,473
— Impairment of amount due from an associate		**—**	571,570
— Impairment of trade receivables		**—**	2,244,960
— Gain on disposal of subsidiaries		**(171,585)**	—
— Net gain transferred from equity on disposal of available-for-sale financial assets		**(818,303)**	—
— Loss on disposal of associates		**75,454**	—
— Gain on disposal of partial equity interest in a subsidiary		**(197,320)**	—
— Dividend income		**(19,648)**	(33,475)
— Interest income		**(446,436)**	(1,522,127)
Operating cash flows before changes in working capital		**16,780,801**	19,645,519
— Statutory deposits and other assets		**(45,000)**	(1,760,518)
— Held-for-trading investments		**34,620**	(34,620)
— Trade receivables		**16,678,840**	890,932
— Other receivables		**3,140,358**	(17,893,686)
— Bank trust accounts		**(27,910,699)**	4,885,691
— Trade payables		**16,938,225**	(7,501,552)
— Other payables and deferred income		**(22,469,080)**	(18,166,282)
Cash generated from/(used) in operations		**3,148,065**	(19,934,516)
Income tax paid		**(3,408,710)**	(10,959,931)
Interest received		**446,436**	1,522,127
Net cash generated from/(used in) operating activities		**185,791**	(29,372,320)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2009

	Note	2009 HK$	2008 HK$
Cash flows from investing activities			
Dividend received		**19,648**	33,475
Purchase of property, plant and equipment		**(8,269,354)**	(4,849,568)
Proceeds from disposal of property, plant and equipment		**51,037**	44,370
Proceeds from disposal of available-for-sale financial assets		**1,199,569**	—
Advances (to)/from associates		**(2,387,162)**	2,040
Acquisition of subsidiaries, net of cash acquired		**(25,301,031)**	(1,829,879)
Investment in associates		**(453,160)**	—
Disposal of associates		**5**	—
Disposal of subsidiaries, net of cash disposed		**1,919,696**	—
Net cash used in investing activities		**(33,220,752)**	(6,599,562)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**3,000,000**	3,776,000
Proceeds from short-term bank loan		**14,727,700**	—
Capital contributions from minority interests		**1,212,939**	—
Net cash generated from financing activities		**18,940,639**	3,776,000
Net decrease in cash and cash equivalents		**(14,094,322)**	(32,195,882)
Cash and cash equivalents at beginning of year		**67,388,884**	96,807,781
Exchange gains on cash and cash equivalents		**709,976**	2,776,985
Cash and cash equivalents at end of year	25	**54,004,538**	67,388,884
Net cash outflow on acquisition of subsidiaries:			
Direct costs relating to the acquisition, settled in cash		**(1,108,999)**	—
Purchase consideration, settled in cash		**(26,623,150)**	(5,632,500)
Cash and cash equivalents in subsidiaries acquired		**2,431,118**	3,802,621
		(25,301,031)	(1,829,879)
Net cash inflow arising on disposal of subsidiaries:			
Total cash consideration		**3,060,005**	—
Bank balances and cash disposed		**(1,140,309)**	—
		1,919,696	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

1. GENERAL INFORMATION

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

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands. The Company's registered office is situated at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KYI-1111, Cayman Islands. The Company's principal place of business is situated at Suites 2802-4, 28th Floor, Tower 6, the Gateway, Harbour City, No.9 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

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

The Company's shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These consolidated financial statements are presented in Hong Kong dollars (HK$) unless otherwise stated. These consolidated financial statements were approved and authorized for issue by the board of directors on 30 March 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

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

HKFRS 7 “Financial Instruments — Disclosures” (amendment) — effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

HKAS 1 (revised), “Presentation of financial statements” — effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, “non-owner changes in equity”) in the statement of changes in equity, requiring “non-owner changes in equity” to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

HKAS 23 (revised), “Borrowing costs” — effective from 1 January 2009. The amendment requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use of sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs was removed. Since the Group currently applies a policy of capitalizing borrowing costs, it is not expected to have any material impact on the Group’s or Company’s financial statements.

HKFRS 8, “Operating segments” — effective 1 January 2009. HKFRS 8 replaces HKAS 14, “Segment reporting”, and aligns segment reporting with the requirements of the US standard SFAS 131, “Disclosures about segments of an enterprise and related information”. The new standard requires a “management approach”, under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

Changes in accounting policy and disclosures *(continued)*

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

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

HK(IFRIC) 17 "Distribution of non-cash assets to owners" — effective on or after 1 July 2009. The interpretation is part of the HKICPA's annual improvements project published in May 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. HKFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. This is not currently applicable to the Group, as it has not distributed any non-cash assets to shareholders.

HKAS 27 (revised), "Consolidated and separate financial statements" — effective from 1 July 2009. The revised standard requires the effects of all transactions with minority interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognized in profit or loss. The Group will apply HKAS 27 (revised) prospectively to transactions with minority interest from 1 January 2010.

HKFRS 3 (revised), "Business combinations" — effective from 1 July 2009. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair vale or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

HKAS 38 (amendment), "Intangible Assets" — effective from 1 July 2009. The amendment is part of the HKICPA's annual improvements project published in May 2009 and the Group and company will apply HKAS 38 (amendment) from the date HKFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the Group's or company's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

Changes in accounting policy and disclosures *(continued)*

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

HKFRS 5 (amendment), "Measurement of non-current assets (or disposal groups) classified as held for sale". The amendment is part of the HKICPA's annual improvements project published in May 2009. The amendment provides clarification that HKFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of HKAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1. The Group and company will apply HKFRS 5 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group's or company's financial statements.

HKAS 1 (amendment), "Presentation of financial statements". The amendment is part of the HKICPA's annual improvements project published in May 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group and company will apply HKAS 1 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group's or company's financial statements.

HKFRS 2 (amendments), "Group cash-settled share-based payment transactions" — effective from 1 January 2010. In addition to incorporating HK(IFRIC)-Int 8, "Scope of HKFRS 2", and HK(IFRIC)-Int 11, "HKFRS 2 — group and treasury share transactions", the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by the interpretation. The new guidance is not expected to have a material impact on the Group's financial statements.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Consolidation *(continued)*

(a) Subsidiaries (continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of comprehensive income.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group and are recorded in the consolidated statement of comprehensive income. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Consolidation *(continued)*

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of comprehensive income, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognized in the consolidated statement of comprehensive income.

In the Company's statement of financial position, the investments in associates are stated at cost less provision for impairment losses. The results of associates are accounted for by the Company on the basis of dividend received and receivable.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the key management that makes strategic decisions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the security, and other changes in the carrying amount of the security. Translation differences related to changes in the amortized cost are recognized in profit or loss, and other changes in the carrying amount are recognized in equity.

Translation difference on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in equity.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Foreign currency translation *(continued)*

(c) Group companies (continued)

- income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the consolidated statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged in the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated, using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold improvements	Over the term of leases
Office equipment and furniture	3 to 5 years
Computer equipment	3 years
Motor vehicle	3 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 Property, plant and equipment *(continued)*

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the statement of comprehensive income.

2.6 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

(b) Trading rights

The Group's intangible assets represent eligibility rights to trade on or through the Stock Exchange and the Hong Kong Futures Exchange Limited, which are carried at cost less accumulated amortization and accumulated impairment losses.

(c) Website

The website hosting an interactive financial video channel called Stock Online (股市在綫) was acquired by the Group in a business combination. The website has a finite useful life and is carried at cost less accumulated amortization and impairment. Amortization is calculated using the straight-line method to allocate the cost of website over its estimated useful life of 30 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.7 Impairment of investments in subsidiaries, associates and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivable and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determine the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise "trade receivables", "other receivables" and "bank balances and cash" in the statement of financial position.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 Financial assets *(continued)*

Recognition and measurement

Regular way purchases and sales of financial assets are recognized on the trade-date (the date on which the Group commits to purchase or sell the asset). Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated statement of comprehensive income within "revenue", in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the consolidated statement of comprehensive income as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analyzed between translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in profit or loss; translation differences on non-monetary securities are recognized in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the consolidated statement of comprehensive income as "net gains and losses from equity on disposal/impairment of available-for-sale financial assets from investment securities".

Interest on available-for-sale securities calculated using the effective interest method is recognized in the consolidated statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognized in the consolidated statement of comprehensive income as part of other income when the Group's right to receive payments is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Impairment of financial assets

For the assets classified as available-for-sale, the Group assesses at the end of each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss — is removed from equity and recognized in the separate consolidated statement of comprehensive income. Impairment losses recognized in the separate consolidated statement of comprehensive income on equity instruments are not reversed through the separate consolidated statement of comprehensive income.

2.10 Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against the consolidated statement of comprehensive income.

2.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.12 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.14 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

2.15 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designed as at fair value through profit or loss is recognized initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with HKAS 18 *Revenue*.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated statement of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.16 Current and deferred income tax *(continued)*

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.17 Employee benefits

(a) Pension obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully within the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme. As at the balance sheet date, the total amount of forfeited contributions, which arose upon employees leaving the MPF Scheme and available to reduce the contribution payable in future years was nil (2008: HK$ Nil).

Retirement benefits to employees in the People's Republic of China (the "PRC") are provided through a defined contribution plan. The Group is required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the central pension scheme. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.17 Employee benefits *(continued)*

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision of original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

2.18 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the services provided in the ordinary course of the Group's activities. Revenue is shown, net of returns, rebates and discounts and after eliminating sales within the Group.

The Group recognized revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met each of the Group's activities on the following bases:

(a) Commission income from securities and futures brokerage is recognized on a trade date basis.

(b) Fees and service income are recognized when the relevant transactions have been arranged or the relevant services have been rendered.

(c) Realized fair value gains or losses on securities trading are recorded on a trade date basis whilst unrealized fair value gains or losses are recorded on change in fair value on the balance sheet date.

(d) Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognized using the original effective interest rate.

(e) Dividend income is recognized when the right to receive payment is established.

2.20 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

Transactional currency exposures arise from the sales or purchase by operating units in currency other than the unit's functional currency. The Group's exposure to foreign currency risk is minimal as almost all of the Group's revenue and costs are denominated in the functional currencies of the operating units. 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 flow generated from business transactions locally. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(ii) Price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. As at 31 December 2009, the Group was not exposed to significant equity price risk as the Group had disposed of its available-for-sale financial assets and held-for-trading investments during the year ended 31 December 2009. The Group was exposed to equity price risk arising from individual equity investments classified as available-for-sale financial assets (Note 21) and held-for-trading investments (Note 22) as at 31 December 2008. The Group's listed investments were listed in Hong Kong and were valued at quoted market prices as at 31 December 2008.

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk (continued)

(ii) Price risk (continued)

The following table demonstrates the sensitivity to every 5% increase/decrease in the fair values of the equity investments with all other variables held constant and before any impact on tax, based on their carrying amounts as at 31 December 2008.

	Increase/ (decrease) in carrying amount of equity investments HK$	**Increase/ (decrease) in loss before income tax** HK$	**Increase/ (decrease) in equity** HK$
2008			
Equity securities listed in Hong Kong			
5% increase in equity price	38,466	1,731	38,466
5% decrease in equity price	(38,466)	(1,731)	(38,466)

(iii) Cash flow and fair value interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on borrowings which carry prevailing market interest rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's fair value interest rate risk relates primarily to its fixed rate borrowings. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

As at 31 December 2009, if interest rates had increased/decreased by 50 basis points with all other variables held constant, the Group's pre-tax profit would decrease/increase by approximately HK$74,000 (2008: nil).

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk

The Group reviews the recoverability of its financial assets periodically to ensure that potential credit risk of the counterparty is managed at an early stage and sufficient provision is made for possible defaults. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

As at the balance sheet date, the Group has certain concentrations of credit risk as approximately 52% (2008: 77%) and 92% (2008: 96%) of the Group's trade receivables were due from the Group's largest trade debtor and the five largest trade debtors respectively. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in Note 23 to the consolidated financial statements.

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors. The Group manages liquidity risk by maintaining adequate reserves and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

As at 31 December 2009, the Group had a loan payable under control agreements with carrying amount of approximately HK$62,876,000 (2008: Nil) (Note 28) and a short-term bank loan with carrying amount of approximately HK$14,727,700 (2008: Nil) (Note 27).

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk *(continued)*

The maturity profile of the Group's financial liabilities as at the balance sheet date, based on the contractual undiscounted payments, was as follows:

	Less than 1 year HK$	Between 1 and 2 years HK$	Between 2 and 5 years HK$	Over 5 years HK$	Total HK$
2009					
Trade payables	**51,795,602**	—	—	—	**51,795,602**
Other payables	**7,358,246**	—	—	—	**7,358,246**
Short-term bank loan	**14,727,700**	—	—	—	**14,727,700**
Loan payable under control agreements	**30,021,850**	**32,854,100**	—	—	**62,875,950**
2008					
Trade payables	9,278,106	—	—	—	9,278,106
Other payables	3,094,902	—	—	—	3,094,902
Amount due to an associate	74,813	—	—	—	74,813

3.2 Capital risk management

Certain of the Group's subsidiaries are regulated by the Securities and Futures Commission of Hong Kong (the "SFC") and are required to comply with certain minimum capital requirements according to the rules of the SFC. In addition, the Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (including current and non-current liabilities but excluding current or deferred income tax liabilities as shown in the consolidated statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (including share capital and premium, reserves, accumulated losses and minority interests as shown in the consolidated statement of financial position).

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.2 Capital risk management *(continued)*

The debt-to-adjusted capital ratios as at 31 December 2009 and 2008 were as follows:

	2009	2008
	HK$	HK$
Total debt	**136,757,498**	16,860,337
Less: Bank balances and cash, including bank trust accounts (Note 25)	**88,905,605**	74,379,252
Net debt	**47,851,893**	—
Total equity	**162,892,209**	155,770,810
Adjusted capital	**162,892,209**	155,770,810
Debt-to-adjusted capital ratio	**29%**	0%

The increase in the debt-to-adjusted capital ratio during 2009 resulted primarily from the loan payable under control agreements in respect of acquisition of subsidiaries during the year ended 31 December 2009 (Note 34(a)).

3.3 Fair value estimation

Effective 1 January 2009, the Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the statement of financial position at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 31 December 2009, the Group did not have any assets and liabilities that are measured at the above fair value measurements hierarchy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.4 Financial instruments by category

2009	Loans and receivables HK$
Financial assets as per consolidated statement of financial position	
Statutory deposits and other assets	**2,075,000**
Trade receivables	**17,450,098**
Other receivables	**34,023,304**
Amount due from an associate	**2,396,430**
Bank balances and cash	**88,905,605**
	144,850,437

	Financial liabilities at amortized cost HK$
Financial liabilities as per consolidated statement of financial position	
Trade payables	**51,795,602**
Other payables	**7,358,246**
Short-term bank loan	**14,727,700**
Loan payable under control agreements	**62,875,950**
	136,757,498

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.4 Financial instruments by category *(continued)*

2008	Available-for-sale financial assets HK$	Financial assets at fair value through profit or loss HK$	Loans and receivables HK$	Total HK$
Financial assets as per consolidated statement of financial position				
Statutory deposits and other assets	—	—	3,790,518	3,790,518
Available-for-sale financial assets	734,692	—	—	734,692
Held-for-trading investments	—	34,620	—	34,620
Trade receivables	—	—	34,128,938	34,128,938
Other receivables	—	—	24,385,394	24,385,394
Bank balances and cash	—	—	74,379,252	74,379,252
	734,692	34,620	136,684,102	137,453,414

	Financial liabilities at amortized cost HK$	Total HK$
Financial liabilities as per consolidated statement of financial position		
Trade payables	9,278,106	9,278,106
Other payables	3,094,902	3,094,902
Amount due to an associate	74,813	74,813
	12,447,821	12,447,821

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.6. The recoverable amounts of cash-generating units ("CGU") have been determined based on value-in-use calculations. These calculations require the use of estimates.

(b) 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 stated in Note 2.7. If the recoverable amount of an intangible asset is estimated to be less than its carrying amount, the carrying amount of the intangible asset is reduced to its recoverable amount. The assessment of the recoverable amount requires the use of estimates and assumptions.

(c) 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 balance sheet date.

5. REVENUE

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

6. SEGMENT INFORMATION

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

6. SEGMENT INFORMATION *(continued)*

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

	Provision of a trading platform HK$	Brokerage and securities margin financing, and infrastructure broking services HK$	Corporate finance services HK$	Trading and principal investment HK$	Wealth management services HK$	Stock information and research HK$	Total HK$
Segment revenue from external customers	148,936	3,314,888	13,388	(24,183)	10,715,602	57,986,403	72,155,034
Segment results	12,523	(5,937,681)	(756,587)	(1,081,564)	182,609	35,311,048	27,730,348
Impairment of goodwill						(635,784,473)	(635,784,473)
Net unallocated expenses							(12,782,454)
Interest expenses							(9,733)
Interest income							967,937
Share of profit of associates					12,699		12,699
Loss before income tax							(619,865,676)
Income tax expense							(6,410,352)
Loss for the year							(626,276,028)

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

6. SEGMENT INFORMATION *(continued)*

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

	Provision of a trading platform HK$	Brokerage and securities margin financing, and infrastructure broking services HK$	Corporate finance services HK$	Trading and principal investment HK$	Wealth management services HK$	Stock information and research HK$	Unallocated HK$	Total HK$
Depreciation and amortization	—	830,940	18,126	42,934	16,774	796,571	800,938	2,506,283
Impairment of goodwill	—	—	—	—	—	635,784,473	—	635,784,473
Impairment of amount due from an associate	—	—	571,570	—	—	—	—	571,570
Impairment of trade receivables	—	—	—	—	—	2,244,960	—	2,244,960

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

6. SEGMENT INFORMATION *(continued)*

The segment assets and liabilities as at 31 December 2008 and capital expenditure for the year then ended are as follows:

	Provision of a trading platform HK$	Brokerage and securities margin financing, and infrastructure broking services HK$	Corporate finance services HK$	Trading and principal investment HK$	Wealth management services HK$	Stock information and research HK$	Unallocated HK$	Total HK$
Segment assets	47,048	50,407,164	492,547	1,972,048	1,543,759	87,922,114	30,728,217	173,112,897
Investments in associates	—	—	—	—	149,697	—	—	149,697
	47,048	50,407,164	492,547	1,972,048	1,693,456	87,922,114	30,728,217	173,262,594
Segment liabilities	1,810	8,531,059	404,607	324,078	933,414	6,500,841	795,975	17,491,784
Capital expenditure								
Additions of property, plant and equipment	—	2,536,598	—	—	107,870	661,813	1,567,181	4,873,462
Additions of statutory deposits and other assets	—	—	—	—	—	—	1,760,518	1,760,518
Additions of intangible assets	—	—	—	—	—	172,220,630	—	172,220,630

The Group mainly operates in Hong Kong and the PRC.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

6. SEGMENT INFORMATION *(continued)*

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

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

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

Capital expenditure is allocated on where the assets are located.

Information about major customers

Revenue from major customers, each of whom amounted to 10% or more of total revenue, is set out below:

	2009 HK$	2008 HK$
Customer A	**—**	31,217,885
Customer B	**—**	17,495,581
Customer C	**—**	11,608,170

Analysis of revenue by category is disclosed in Note 5 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

7. OTHER GAINS

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

8. OTHER INCOME

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

9. PROFIT/(LOSS) BEFORE INCOME TAX

	2009	2008
	HK$	HK$
Profit/(loss) before income tax has been arrived at after charging:		
Auditors' remuneration	**680,000**	680,000
Loss on disposal of associates	**75,454**	—
Operating lease rentals in respect of rented premises	**7,162,926**	3,951,233

10. EMPLOYEE BENEFITS EXPENSES

	2009	2008
	HK$	HK$
Wages and salaries	**30,582,807**	12,703,560
Pension costs — defined contribution schemes	**290,736**	231,863
Employee benefits expenses, including directors' remuneration	**30,873,543**	12,935,423

11. DIRECTORS' REMUNERATION

Year ended 31 December 2009

Name of director	**Fees**	**Salaries, allowances, and benefits in kind**	**Employer's contributions to pension scheme**	**Total**
	HK$	**HK$**	**HK$**	**HK$**
Executive directors				
Mr. Wang Wenming	**—**	**1,200,000**	**12,000**	**1,212,000**
Mr. Lee Yiu Sun	**—**	**1,200,000**	**12,000**	**1,212,000**
Independent non-executive directors				
Dr. Tsang Hing Lun	**130,000**	**—**	**—**	**130,000**
Professor Zhang Benzheng	**125,000**	**—**	**—**	**125,000**
Mr. Yen Jong Ling	**120,000**	**—**	**—**	**120,000**
	375,000	**2,400,000**	**24,000**	**2,799,000**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

11. DIRECTORS' REMUNERATION *(continued)*

Year ended 31 December 2008

Name of director	Note	Fees HK$	Salaries, allowances, and benefits in kind HK$	Employer's contributions to pension scheme HK$	Total HK$
Executive directors					
Mr. Wang Wenming	(i)	—	639,000	8,000	647,000
Mr. Lee Yiu Sun		—	960,000	12,000	972,000
Mr. Richard Yingneng Yin	(ii)	—	540,000	6,000	546,000
Non-executive directors					
Mr. Richard Yingneng Yin	(ii)	41,957	—	—	41,957
Dr. Kennedy Wong Ying Ho	(iii)	120,000	—	—	120,000
Mr. Wong Chun Kong	(iv)	28,333	—	—	28,333
Independent non-executive directors					
Dr. Tsang Hing Lun		126,250	—	—	126,250
Professor Zhang Benzheng	(v)	31,251	—	—	31,251
Mr. Yen Jong Ling	(vi)	16,333	—	—	16,333
Mr. Michael Wu Wai Chung	(vii)	103,667	—	—	103,667
Dr. Japhet Sebastian Law	(viii)	97,500	—	—	97,500
		565,291	2,139,000	26,000	2,730,291

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

11. DIRECTORS' REMUNERATION *(continued)*

Notes:

(i) Appointed on 8 May 2008. In addition to the director's remuneration of HK$647,000 disclosed above, Mr. Wang Wenming also received employee's emoluments of RMB45,000 (equivalent to HK$50,512) for the period from 1 January 2008 to 31 March 2008.

(ii) Re-designated as a non-executive director on 12 June 2008 and resigned on 9 December 2008.

(iii) Resigned on 11 July 2008.

(iv) Appointed as the alternate director to Dr. Kennedy Wong Ying Ho on 8 May 2008, appointed as a non-executive director on 11 July 2008 and resigned on 10 November 2008.

(v) Appointed on 30 September 2008.

(vi) Appointed on 12 November 2008.

(vii) Resigned on 12 November 2008.

(viii) Resigned on 1 October 2008.

No share options were granted to the directors of the Company under the Company's share option scheme during the year ended 31 December 2009 (2008: Nil).

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2008: Nil). None of the directors waived or agreed to waive any remuneration during the year (2008: Nil).

12. FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group include two (2008: three) directors, details of whose remuneration are set out in Note 11. The emoluments payable to the remaining three (2008: two) individuals for the year are as follows:

	2009	2008
	HK$	HK$
Salaries, allowances and benefits in kind	**2,024,700**	1,344,000
Pension costs — defined contribution scheme	**36,000**	24,000
	2,060,700	1,368,000

Their emoluments fell within the following band:

	2009 Number of individuals	2008 Number of individuals
Nil to HK$1,000,000	**3**	2

During the year, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2008: Nil).

13. INCOME TAX EXPENSE

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

	2009	2008
	HK$	HK$
Current income tax		
— Hong Kong Profits Tax	**—**	—
— PRC Corporate Income Tax	**8,400,150**	6,410,352
Total current tax	**8,400,150**	6,410,352
Deferred income tax (Note 29):		
Reversal of temporary differences	**(745,329)**	—
Income tax expense	**7,654,821**	6,410,352

13. INCOME TAX EXPENSE *(continued)*

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

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

14. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$11,335,925 (2008: HK$652,535,650).

15. EARNINGS/(LOSS) PER SHARE

Basic

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

Diluted

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

	2009
Earnings	
Profit attributable to equity holders of the Company	**HK$3,404,795**
Profit used to determine diluted earnings per share	**HK$3,404,795**
Weighted average number of ordinary shares in issue	**2,953,356,092**
Adjustments for share options (Note 32)	**140,464**
Adjustments for Option (Note 34(c))	**275,377**
Weighted average number of ordinary shares for diluted earnings per share	**2,953,771,933**

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

16. PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold improvements	Office equipment and furniture	Computer equipment	Motor vehicles	Total
	HK$	HK$	HK$	HK$	HK$
As at 1 January 2008					
Cost	1,648,997	1,989,122	1,018,078	2,060,427	6,716,624
Accumulated depreciation	(973,441)	(367,886)	(596,599)	(206,442)	(2,144,368)
Net book amount	675,556	1,621,236	421,479	1,853,985	4,572,256
Year ended 31 December 2008					
Opening net book amount	675,556	1,621,236	421,479	1,853,985	4,572,256
Additions	1,977,813	621,399	1,711,466	538,890	4,849,568
Acquisition of subsidiaries (Note 34 (b))	—	23,894	—	—	23,894
Exchange differences	24,304	88,709	943	107,726	221,682
Disposals	—	(16,580)	—	—	(16,580)
Depreciation	(878,295)	(687,826)	(664,345)	(241,235)	(2,471,701)
Closing net book amount	1,799,378	1,650,832	1,469,543	2,259,366	7,179,119
As at 31 December 2008					
Cost	2,716,798	2,547,349	2,730,721	2,711,035	10,705,903
Accumulated depreciation	(917,420)	(896,517)	(1,261,178)	(451,669)	(3,526,784)
Net book amount	1,799,378	1,650,832	1,469,543	2,259,366	7,179,119
Year ended 31 December 2009					
Opening net book amount	**1,799,378**	**1,650,832**	**1,469,543**	**2,259,366**	**7,179,119**
Additions	**713,005**	**6,428,570**	**341,744**	**786,035**	**8,269,354**
Acquisition of subsidiaries (Note 34 (a))	**—**	**1,837,457**	**—**	**29,930**	**1,867,387**
Exchange differences	**(428)**	**(3,052)**	**(44)**	**(7,576)**	**(11,100)**
Disposal of subsidiaries	**(31,467)**	**(295,833)**	**—**	**—**	**(327,300)**
Disposals	**—**	**(17,421)**	**—**	**(14,313)**	**(31,734)**
Depreciation	**(848,913)**	**(1,613,319)**	**(825,501)**	**(342,573)**	**(3,630,306)**
Closing net book amount	**1,631,575**	**7,987,234**	**985,742**	**2,710,869**	**13,315,420**
As at 31 December 2009					
Cost	**3,394,128**	**10,428,123**	**3,072,395**	**3,245,661**	**20,140,307**
Accumulated depreciation	**(1,762,553)**	**(2,440,889)**	**(2,086,653)**	**(534,792)**	**(6,824,887)**
Net book amount	**1,631,575**	**7,987,234**	**985,742**	**2,710,869**	**13,315,420**

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For the year ended 31 December 2009

16. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The Company	Leasehold improvements	Office equipment and furniture	Computer equipment	Total
	HK$	HK$	HK$	HK$
As at 1 January 2008				
Cost	953,497	202,029	424,012	1,579,538
Accumulated depreciation	(741,607)	(162,439)	(298,804)	(1,202,850)
Net book amount	211,890	39,590	125,208	376,688
Year ended 31 December 2008				
Opening net book amount	211,890	39,590	125,208	376,688
Additions	1,160,890	324,799	81,492	1,567,181
Disposals	—	(16,580)	—	(16,580)
Depreciation	(276,382)	(41,305)	(110,698)	(428,385)
Closing net book amount	1,096,398	306,504	96,002	1,498,904
As at 31 December 2008				
Cost	1,160,890	339,292	505,504	2,005,686
Accumulated depreciation	(64,492)	(32,788)	(409,502)	(506,782)
Net book amount	1,096,398	306,504	96,002	1,498,904
Year ended 31 December 2009				
Opening net book amount	**1,096,398**	**306,504**	**96,002**	**1,498,904**
Additions	**—**	**6,380**	**134,880**	**141,260**
Depreciation	**(386,963)**	**(109,918)**	**(90,283)**	**(587,164)**
Closing net book amount	**709,435**	**202,966**	**140,599**	**1,053,000**
As at 31 December 2009				
Cost	**1,160,890**	**345,672**	**640,384**	**2,146,946**
Accumulated depreciation	**(451,455)**	**(142,706)**	**(499,785)**	**(1,093,946)**
Net book amount	**709,435**	**202,966**	**140,599**	**1,053,000**

17. INTANGIBLE ASSETS

The Group	Goodwill	Website	Trading rights	Total
	HK$	HK$	HK$	HK$
As at 1 January 2008				
Cost	491,663,843	—	3,592,000	495,255,843
Accumulated amortization	—	—	(3,557,416)	(3,557,416)
Net book amount	491,663,843	—	34,584	491,698,427
Year ended 31 December 2008				
Opening net book amount	491,663,843	—	34,584	491,698,427
Adjustment to the cost of business combination in prior year (Note (v))	170,368,158	—	—	170,368,158
Acquisition of subsidiaries (Note 34 (b))	1,852,472	—	—	1,852,472
Impairment (Note (vii))	(635,784,473)	—	—	(635,784,473)
Amortization charge	—	—	(34,582)	(34,582)
Closing net book amount	28,100,000	—	2	28,100,002
As at 31 December 2008				
Cost	663,884,473	—	3,592,000	667,476,473
Accumulated amortization and impairment	(635,784,473)	—	(3,591,998)	(639,376,471)
Net book amount	28,100,000	—	2	28,100,002
Year ended 31 December 2009				
Opening net book amount	**28,100,000**	**—**	**2**	**28,100,002**
Acquisition of subsidiaries (Note 34(a))	**18,654,487**	**134,059,833**	**—**	**152,714,320**
Exchange difference	**—**	**2,761**	**—**	**2,761**
Amortization charge	**—**	**(3,726,645)**	**—**	**(3,726,645)**
Closing net book amount	**46,754,487**	**130,335,949**	**2**	**177,090,438**
As at 31 December 2009				
Cost	**682,538,960**	**134,059,833**	**3,592,000**	**820,190,793**
Accumulated amortization and impairment	**(635,784,473)**	**(3,723,884)**	**(3,591,998)**	**(643,100,355)**
Net book amount	**46,754,487**	**130,335,949**	**2**	**177,090,438**

17. INTANGIBLE ASSETS *(continued)*

Notes:

(i) The trading rights as at 31 December 2009 represent two trading rights in the Stock Exchange and one trading right in the Hong Kong Futures Exchange Limited.

(ii) On 3 March 2009, the Group entered into a series of control 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 subsidiary. The related goodwill arising from the aforesaid acquisition amounted to HK$18,654,487 (Note 34(a)).

(iii) The website hosting an interactive financial video channel called Stock Online (股市在線) was acquired through the acquisition of Shenzhen Sky Picture Communications Company Limited (Note 34(a)).

(iv) On 30 May 2008, the Group completed the acquisition of 深圳首華保險經紀有限公司. The related goodwill arising from the aforesaid acquisition amounted to HK$1,852,472 (Note 34(b)).

(v) The amounts represented the adjustments to the contingent consideration for the acquisition of GoHi Holdings Limited during the year ended 31 December 2007 due to the fulfillment of certain conditions as stipulated in the agreements, which resulted in the issue of the Consideration Shares, the Option and the Bonus Shares as further disclosed in Note 34(c).

(vi) Goodwill is allocated to the Group's cash-generating unit ("CGU") which is principally engaged in the provision of stock information and research in the PRC. The recoverable amount of a CGU is determined based on value-in-use calculations.

The value-in-use calculation uses pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used for the cash flow projections include budgeted revenue and budgeted expenses during the forecasting periods, which are determined by management based on past performance and its expectation of market development. Cash flows beyond the five-year period are extrapolated using an estimated growth rate of 2%. The growth rate does not exceed the long-term average growth rate for the industry in which the CGU operates. All cash flows are discounted at a discount rate of 18.42% which reflects the specific risks relating to this CGU.

The impairment testing was carried out by management based on the value-in-use calculation and with reference to a valuation carried out by an independent professional valuer, BMI Appraisals Limited.

(vii) In respect of the year ended 31 December 2008, the impairment charge arose due to a reassessment of the recoverable amount of the CGU of provision of stock information and research as a result of the general downturn in the financial markets.

18. STATUTORY DEPOSITS AND OTHER ASSETS

	The Group	
	2009	2008
	HK$	HK$
Membership of the Chinese Gold and Silver Exchange Society	**—**	1,760,518
Hong Kong Securities Clearing Company Limited ("HKSCC")		
— Contribution fund deposit	**100,000**	100,000
— Admission fee deposit	**100,000**	100,000
The Stock Exchange of Hong Kong Limited		
— Compensation fund deposit	**100,000**	100,000
— Fidelity fund deposit	**100,000**	100,000
— Stamp duty deposit	**75,000**	30,000
HKFE Clearing Corporation Limited ("HKFECC")		
— Reserve fund deposit	**1,500,000**	1,500,000
The Securities and Futures Commission of Hong Kong		
— Deposits for responsible officers	**100,000**	100,000
	2,075,000	3,790,518

19. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2009	2008
	HK$	HK$
Unlisted shares, at cost	**4,771,260**	7,114,760
Impairment	**—**	(2,343,500)
	4,771,260	4,771,260

Amounts due from and due to subsidiaries

The amounts due from and due to subsidiaries as shown on the Company's statement of financial position are unsecured, interest-free and repayable on demand. At 31 December 2009, except for an amount due from a subsidiary of HK$23,095,222 which is denominated in RMB (2008: HK$432,579 which was denominated in Singapore dollars), the amounts due from and due to subsidiaries are denominated in Hong Kong dollars.

A provision for impairment against the amounts due from subsidiaries of approximately HK$644,000,000 was recognized at 31 December 2008 as the recoverable amounts of the amounts due from subsidiaries with reference to the net asset value of the respective subsidiaries were estimated to be less than their carrying amounts. Accordingly, the carrying amounts of the amounts due from subsidiaries were reduced to their recoverable amounts.

19. INVESTMENTS IN SUBSIDIARIES *(continued)*

The following is a list of the Company's principal subsidiaries as at 31 December 2009, all of which are wholly owned by the Group:

Name	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operations	Particulars of issued share capital/ registered capital
First China Financial Holdings (BVI) Limited	British Virgin Islands, Limited liability company	Investment holding	611,700 ordinary shares of US$1 each
Stockmartnet Limited	Hong Kong, Limited liability company	Securities trading in Hong Kong	3 ordinary shares of HK$1 each
First China Financial Capital Limited	Hong Kong, Limited liability company	Provision of corporate finance services in Hong Kong	2,400,000 ordinary shares of HK$1 each
First China Securities Limited	Hong Kong, Limited liability company	Securities brokerage and securities margin financing, and infrastructure broking services in Hong Kong	57,000,000 ordinary shares of HK$1 each
First China Futures Limited	Hong Kong, Limited liability company	Futures brokerage in Hong Kong	15,000,000 ordinary shares of HK$1 each
First China Processing Services Limited	Hong Kong, Limited liability company	Provision of a trading platform in Hong Kong	2 ordinary shares of HK$1 each
IFN-GT Financial Holdings Limited	British Virgin Islands, Limited liability company	Investment holding	1 ordinary share of US$1 each

19. INVESTMENTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operations	Particulars of issued share capital/ registered capital
First China Global Wealth Management Limited (Formerly known as First China Ta Yu Global Wealth Management Limited)	Hong Kong, Limited liability company	Provision of wealth management services in Hong Kong	6,000,000 ordinary shares of HK$1 each (2008: 5,500,000 ordinary shares of HK$1 each)
Aceview International Limited	British Virgin Islands, Limited liability company	Investment holding	1 ordinary share of US$ 1 each
GoHi Holdings Limited	British Virgin Islands, Limited liability company	Investment holding	35,000 ordinary shares of US$1 each
首華證券諮詢(深圳)有限公司 (transliterated as First China Securities Consultancy (Shenzhen) Co., Ltd.)	PRC, Foreign wholly-owned enterprise	Provision of stock information and research in the PRC	Registered capital of RMB20,000,000 (2008: Registered capital of RMB14,000,000)
深圳首華保險經紀有限公司 (transliterated as First China Insurance Broker (Shenzhen) Co., Limited)	PRC, Limited liability company	Provision of insurance broking services in the PRC	Registered capital of RMB5,000,000
深圳畫天影視傳播有限公司 (transliterated as Shenzhen Sky Picture Communications Company Limited) (Note)	PRC, Limited liability company	Investment holding and provision of development and design of TV programmes and artwork in the PRC	Registered capital of RMB3,000,000

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19. INVESTMENTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operations	Particulars of issued share capital/ registered capital
深圳富盟網絡技術有限公司 (transliterated as Shenzhen Wealth Alliance Networking Company Limited) (Note)	PRC, Limited liability company	Development and sales of software for information network equipment, terminal products and calculators in the PRC	Registered capital of RMB10,000,000

Note:

The equity interests in these subsidiaries are directly or indirectly held by an individual nominee on behalf of the Group and the Group holds 100% effective interest in these subsidiaries.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affect the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

20. INVESTMENTS IN ASSOCIATES

	The Group	
	2009	2008
	HK$	HK$
Beginning of the year	**149,697**	136,998
Additions through acquisition of subsidiaries (Note 34(a))	**868,160**	—
Additions	**453,160**	—
Disposals (Notes (i) & (ii))	**(149,027)**	—
Exchange difference	**237**	—
Share of (loss)/profit	**(321,096)**	12,699
End of the year	**1,001,131**	149,697
Market values of listed shares	**N/A**	N/A

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20. INVESTMENTS IN ASSOCIATES *(continued)*

Details of the Group's associates as at 31 December 2009 are as follows:

Name	Place of incorporation	Principal activities	Particulars of issued shares held	Interest held
深圳市元通視訊技術有限公司	PRC, Limited liability company	Development and sales of software for information network equipment, terminal products and calculators in the PRC	Registered capital of RMB2,000,000	50%
深圳中財贏通信息技術有限公司	PRC, Limited liability company	Development and sales of software for information network equipment, terminal products and calculators in the PRC	Registered capital of RMB1,000,000	40%

Notes:

(i) During the year ended 31 December 2009, the Group disposed of its entire equity interests in GTMI Limited upon its deregistration. Accordingly, the results of GTMI Limited were equity accounted for up to 31 December 2009 and a loss of disposal of associate of HK$75,459 was charged to the consolidated statement of comprehensive income.

(ii) On 13 October 2009, the Group disposed of its entire equity interests in Tastyfood Holdings Ltd ("Tastyfood"). Accordingly, the results of Tastyfood were accounted for up to 13 October 2009 and a gain on disposal of associate of HK$5 was credited to the consolidated statement of comprehensive income.

The following is the summarized financial information in respect of the Group's associates as extracted from unaudited management accounts or published financial information for the years ended 31 December 2008 and 2009:

	2009 HK$	2008 HK$
Assets	**5,134,443**	371,556
Liabilities	**2,943,952**	8,718,894
Revenues	**1,581,084**	25,953
Losses	**680,572**	698,574

Amounts due from and due to associates

As at 31 December 2009, the amount due from 深圳市元通視訊技術有限公司 is unsecured, interest-free, denominated in RMB and repayable on demand.

As at 31 December 2008, the amount due from Tastyfood was unsecured, interest bearing at 5% per annum, denominated in Singapore dollars and repayable on demand. An impairment in respect of the amount due from Tastyfood of HK$571,570 was charged to the consolidated statement of comprehensive income for the year ended 31 December 2008 taking into account the adverse financial position of Tastyfood. The amount due to GTMI Limited was unsecured, interest-free, denominated in Hong Kong dollars and repayable on demand.

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21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group	
	2009	2008
	HK$	HK$
Beginning of the year	**734,692**	1,252,060
Disposals	**(1,199,569)**	—
Net gains/(losses) transferred to equity	**464,877**	(517,368)
End of the year	**—**	734,692

Available-for-sale financial assets included the following:

	The Group	
	2009	2008
	HK$	HK$
Equity securities listed on the Stock Exchange, at market value	**—**	734,692
	—	734,692

Available-for-sale financial assets were denominated in the following currencies:

	The Group	
	2009	2008
	HK$	HK$
Hong Kong dollars	**—**	734,692
	—	734,692

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22. HELD-FOR-TRADING INVESTMENTS

	The Group	
	2009	2008
	HK$	HK$
Equity securities listed on the Stock Exchange at market value	**—**	34,620

The fair value of the above equity securities was based on their current bid prices in an active market.

23. TRADE RECEIVABLES

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

Amounts receivable from margin clients are repayable on demand, bear interest at prevailing market rates and are secured by clients' pledged securities that are listed on the Stock Exchange with a total market value of approximately HK$14,145,000 as at 31 December 2009 (2008: HK$11,228,000). No aged analysis is disclosed as, in the opinion of the directors, the aged analysis does not give additional value in view of the nature of the business of securities margin financing.

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

23. TRADE RECEIVABLES *(continued)*

As at 31 December 2008, trade receivables of HK$4,467,175 were impaired due to unexpected difficulty in collecting the outstanding amounts.

Other trade receivables arising from the provision of corporate finance services and wealth management services are due immediately from date of billing but the Group will generally grant a credit period of 30 days on average to its customers. Trade receivables arising from the provision of stock information and research are with credit term of 30 to 90 days. Included in other trade receivables of the Group as at 31 December 2008 were trade receivables from Shenzhen Wealth Alliance Networking Company Limited of HK$26,371,171, which is a wholly-owned subsidiary of Shenzhen Sky Picture Communications Company Limited (Note 24(b)).

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

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

As at 31 December 2009, other trade receivables of HK$113,290 (2008: HK$29,395,367) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. The aged analysis of these trade receivables is as follows:

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

23. TRADE RECEIVABLES *(continued)*

As at 31 December 2008, other trade receivables of HK$2,244,960 aged over 90 days were impaired due to unexpected difficulty in collecting the outstanding amounts.

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

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

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

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

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

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24. OTHER RECEIVABLES

Included in other receivables of the Group as at 31 December 2009 were the following amounts due from related companies:

	Highest balance outstanding during the year	The Group 2009	The Group 2008
	HK$	**HK$**	HK$
深圳市廣信投資有限公司 (transliterated as "Shenzhen Guangxin Investment Company Limited") and its subsidiary (Note (a))	8,404,943	**7,555,268**	5,498,426
Shenzhen Sky Picture Communications Company Limited and its wholly owned subsidiary, Shenzhen Wealth Alliance Networking Company Limited (Note (b))	12,213,724	**—**	12,213,724
		7,555,268	17,712,150

Notes:

(a) Shenzhen Guangxin Investment Company Limited is a limited liability company established in the PRC and is controlled by Ms. Chen Dongjin, the spouse of Mr. Wang Wenming who is a director and a substantial shareholder of the Company.

(b) Shenzhen Sky Picture Communications Company Limited is a limited liability company established in the PRC and was previously held as to 20% by Ms. Chen Dongjin and as to 80% by Shenzhen Guangxin Investment Company Limited. The equity interests in Shenzhen Sky Picture Communications Company Limited previously held by Shenzhen Guangxin Investment Company Limited and Ms. Chen Dongjin were transferred to an independent third party on 7 October 2008 and 4 December 2008 respectively. Subsequent to the acquisition of Shenzhen Sky Picture Communications Company Limited by the Group on 3 March 2009, Shenzhen Sky Picture Communications Company Limited became a wholly-owned subsidiary of the Group (Note 34(a)).

(c) The amounts due from the above related companies are unsecured, interest-free, denominated in RMB and repayable on demand.

25. BANK BALANCES AND CASH

	The Group		The Company	
	2009	2008	**2009**	2008
	HK$	HK$	**HK$**	HK$
Cash at bank and in hand	**88,905,605**	44,597,212	**2,579,310**	351,208
Short-term bank deposits	**—**	29,782,040	**—**	22,183,224
Maximum exposure to credit risk	**88,905,605**	74,379,252	**2,579,310**	22,534,432

As at 31 December 2008, the effective interest rate on short-term bank deposit ranged from 0.15% to 1.5% per annum. The deposits had a maturity of 30 days.

As at 31 December 2009, the Group had bank balances and cash of approximately HK$26,073,105 (2008: HK$1,882,897) which are denominated in RMB. The remittance of these funds out of the PRC is subject to the exchange control restrictions imposed by the PRC government.

The bank balances are deposited with creditworthy banks with no recent history of default.

Cash and bank balances include the following for the purposes of the cash flow statement:

	The Group	
	2009	2008
	HK$	HK$
Cash at bank and in hand	**88,905,605**	44,597,212
Short-term bank deposit	**—**	29,782,040
	88,905,605	74,379,252
Segregated trust bank balances	**(34,901,067)**	(6,990,368)
Cash and cash equivalents	**54,004,538**	67,388,884

26. TRADE PAYABLES

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

Amounts payable to margin clients are repayable on demand and bear interest at prevailing market rates. No aged analysis is disclosed as, in the opinion of the directors, the aged analysis does not give additional value in view of the nature of the business of securities margin financing.

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

Amounts payable to clients arising from futures broking are margin deposits received from clients for their trading of futures contracts. The excess of the outstanding amounts over the required margin deposits stipulated are repayable to clients on demand. No aged analysis is disclosed as, in the opinion of the directors, the aged analysis does not give additional value in view of the nature of the business of futures broking.

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

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

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

27. SHORT-TERM BANK LOAN

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

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

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

28. LOAN PAYABLE UNDER CONTROL AGREEMENTS

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

Further details of the loan payable under control agreements are disclosed in Note 34(a) to the consolidated financial statements.

29. DEFERRED INCOME TAX LIABILITIES

The movement on the deferred income tax liabilities account is as follows:

	The Group	
	2009	2008
	HK$	HK$
Beginning of the year	**—**	—
Acquisition of subsidiaries (Notes 34(a))	**32,201,172**	—
Exchange differences	**552**	—
Credited to the consolidated statement of comprehensive income	**(745,329)**	—
End of the year	**31,456,395**	—

The deferred income tax liabilities are attributable to accelerated tax depreciation.

A deferred tax asset has not been recognized in the financial statements in respect of estimated unused tax losses available for offset against future profits due to the uncertainty of future profit streams. These unrecognized temporary differences have no expiry date.

As at 31 December 2009, the unrecognized deferred tax assets of the Group and the Company are as follows:

	The Group		**The Company**	
	2009	2008	**2009**	2008
	HK$	HK$	**HK$**	HK$
Unused tax losses	**23,350,833**	20,622,450	**11,920,229**	10,257,684

30. SHARE CAPITAL AND PREMIUM

	Note	Number of issued shares (in thousands)	Ordinary shares HK$	Share premium HK$	Total HK$
As at 1 January 2008		2,538,434	25,384,340	187,589,377	212,973,717
Issue of shares through:					
Exercise of employee share options	(i)	12,000	120,000	2,616,000	2,736,000
Exercise of options granted under a subscription agreement	(ii)	40,000	400,000	640,000	1,040,000
Issue of Consideration Shares in respect of acquisition of subsidiaries	(iii)	200,000	2,000,000	166,000,000	168,000,000
Issue of Bonus Shares in respect of acquisition of subsidiaries		143,689	1,436,892	119,262,048	120,698,940
Transfer upon exercise of employee share options	32	—	—	2,120,460	2,120,460
As at 31 December 2008 and 1 January 2009		**2,934,123**	**29,341,232**	**478,227,885**	**507,569,117**
Issue of shares through:					
Exercise of Option in respect of acquisition of subsidiaries	(iv)	**20,000**	**200,000**	**2,800,000**	**3,000,000**
Transfer upon exercise of share options		**—**	**—**	**14,460,609**	**14,460,609**
As at 31 December 2009		**2,954,123**	**29,541,232**	**495,488,494**	**525,029,726**

The total authorized number of ordinary shares is 10,000,000,000 shares (2008: 10,000,000,000 shares) with a par value of HK$0.01 per share (2008: HK$0.01 per share). All issued share are fully paid.

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30. SHARE CAPITAL AND PREMIUM *(continued)*

Notes:

(i) On 14 April 2008, 12,000,000 shares of HK$0.01 each were issued at a price of HK$0.228 per share by exercise of share options granted under the Share Option Scheme (Note 32).

(ii) On 14 April 2008 and 18 July 2008, 15,000,000 shares and 25,000,000 shares of HK$0.01 each respectively were issued at a price of HK$0.026 per share by exercise of options granted under a subscription agreement (Note 33).

(iii) On 18 December 2008, 200,000,000 Consideration Shares of HK$0.01 each and 143,689,215 Bonus Shares of HK$0.01 each were issued to the vendor as contingent consideration for the acquisition of GoHi Holdings Limited due to the fulfillment of certain conditions as stipulated in the agreements. (Note 34(c))

(iv) On 14 January 2009, 20,000,000 shares of HK$0.01 each were issued at a price of HK$0.15 per share by exercise of the Option granted to the vendor as contingent consideration for the acquisition of GoHi Holdings Limited due to the fulfillment of certain conditions as stipulated in the agreements (Note 34(c)).

The ordinary shares issued during the year have the same rights as the other shares then in issue.

31. SPECIAL RESERVE

The special reserve of the Group represents the difference between the nominal amount of the shares issued by the Company and the aggregate of the nominal amount of the issued share capital and share premium of First China Financial Holdings (BVI) Limited acquired pursuant to the corporate reorganization undertaken in preparation for the listing of the Company's shares on GEM on 11 January 2002.

32. SHARE OPTION SCHEMES

The Company operates a share option scheme (the "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 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 schemes 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.

The Share Option Scheme was adopted pursuant to a resolution passed on 17 December 2001. The purpose of the Share Option Scheme is to provide the people and the parties working for the interest of the Group with an opportunity to obtain equity interest in the Company, thus linking their interest with the interest of the Group and thereby providing them with an incentive to work better for the interest of the Group. Under the Share Option Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Group.

32. SHARE OPTION SCHEMES *(continued)*

HK$1 is payable on the acceptance of the option per grant. Options may generally be exercised at any time during a period to be notified by the Board to each grantee provided that the period within which the option must be exercised shall not be more than 10 years from the date of grant of the share option.

The exercise price is determined by the Board, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

The Share Option Scheme will remain valid for a period of 10 years commencing on 17 December 2001.

On 5 September 2007, share options to subscribe for an aggregate of 32,400,000 shares of the Company were granted to certain directors and employees of the Company. The following table discloses the movements of the share options granted under the Share Option Scheme during the year ended 31 December 2009:

				Number of share options			
Name of grantee	Date of grant	Exercise price	Exercisable period	Outstanding as at 1 January 2009	Exercised during the year	Lapsed during the year	Outstanding as at 31 December 2009
Mr. Richard Yingneng Yin (a former executive director)	**5 September 2007**	**HK$0.228**	**05/09/2007– 04/09/2017**	**5,000,000**	**—**	**(5,000,000)**	**—**
Mr. Lee Yiu Sun (executive director)	**5 September 2007**	**HK$0.228**	**05/09/2007– 04/09/2017**	**4,000,000**	**—**	**—**	**4,000,000**
Sub-total for directors				**9,000,000**	**—**	**(5,000,000)**	**4,000,000**
1 employee	**5 September 2007**	**HK$0.228**	**05/09/2007– 04/09/2017**	**500,000**	**—**	**—**	**500,000**
1 employee	**5 September 2007**	**HK$0.228**	**05/09/2008– 04/09/2017**	**500,000**	**—**	**(500,000)**	**—**
Sub-total for employees				**1,000,000**	**—**	**(500,000)**	**500,000**
Total				**10,000,000**	**—**	**(5,500,000)**	**4,500,000**

32. SHARE OPTION SCHEMES *(continued)*

The following table discloses the movements of the share options granted under the Share Option Scheme during the year ended 31 December 2008:

				Number of share options			
Name of grantee	Date of grant	Exercise price	Exercisable period	Outstanding as at 1 January 2008	Exercised during the year	Lapsed during the year	Outstanding as at 31 December 2008
Mr. Richard Yingneng Yin (a former executive director)	5 September 2007	HK$0.228	05/09/2007– 04/09/2017	16,000,000	(11,000,000)	—	5,000,000
Mr. Lee Yiu Sun (executive director)	5 September 2007	HK$0.228	05/09/2007– 04/09/2017	4,000,000	—	—	4,000,000
Mr. Michael Wu Wai Chung (a former independent non-executive director)	5 September 2007	HK$0.228	05/09/2007– 04/09/2017	2,000,000	—	(2,000,000)	—
Sub-total for directors				22,000,000	(11,000,000)	(2,000,000)	9,000,000
2 employees	5 September 2007	HK$0.228	05/09/2007– 04/09/2017	1,500,000	(1,000,000)	—	500,000
1 employee	5 September 2007	HK$0.228	05/09/2008– 04/09/2017	500,000	—	—	500,000
Sub-total for employees				2,000,000	(1,000,000)	—	1,000,000
Total				24,000,000	(12,000,000)	(2,000,000)	10,000,000

As at 31 December 2009, the Company had 4,500,000 (2008: 10,000,000) share options outstanding for the share options granted under the Share Option Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 4,500,000 (2008: 10,000,000) additional ordinary shares of the Company and additional share capital of HK$45,000 (2008: HK$100,000) and share premium of HK$981,000 (2008: HK$2,180,000).

The 12,000,000 share options exercised during the year ended 31 December 2008 resulted in the issue of 12,000,000 ordinary shares of the Company and new share capital of HK$120,000 and share premium of HK$2,616,000, as further disclosed in Note 30 to the consolidated financial statements. The related weighted average share price at the time of exercise was HK$0.500 per share.

33. SUBSCRIPTION AGREEMENT INVOLVING GRANTING OF OPTIONS ON THE COMPANY'S SHARES

Pursuant to a conditional subscription agreement dated 4 February 2005, the Company, inter alia, granted on an one-off basis an aggregate of 350,000,000 new options, of which 250,000,000 were granted to Asia Network Holdings Limited (a corporation controlled by Mr. Richard Yingneng Yin ("Mr. Yin")) and Mr. Yin. Each option represents the right to subscribe for one new ordinary share of HK$0.01 each in the capital of the Company at an exercise price of HK$0.026 per share. The exercisable period of these options is from 29 April 2005 to 28 April 2009.

Movements in the number of options outstanding and their related weighted averaged exercise prices are as follows:

	2009		2008	
	Exercise price per share	**Number of options**	Exercise price per share	Number of options
As at 1 January	—	—	HK$0.026	40,000,000
Exercised	—	—	HK$0.026	(40,000,000)
As at 31 December	—	—	—	—

The options exercised in the year ended 31 December 2008 resulted in 40,000,000 ordinary shares of HK$0.01 each being issued at HK$0.026 each. The related weighted averaged share price at the time of exercise was HK$0.406 per share.

34. BUSINESS COMBINATIONS

(a) Acquisition of Shenzhen Sky Picture Communications Company Limited

During the year ended 31 December 2009, the Group entered into a conditional loan framework agreement dated 22 December 2008 with Ms. Chen Xiaoying (the "Vendor"), pursuant to which the Group agreed to lend to the Vendor a loan in the principal amount of RMB79,000,000 for a term of ten years. In return, the Vendor agreed to execute a series of control agreements to enable the Group to obtain control of Shenzhen Sky Picture Communications Company Limited and its subsidiary which own and operates Stock Online. The loan is interest free and shall be payable in cash by the Group to the Vendor as to RMB20,000,000 at completion of the loan framework agreement ("Date of Completion"); as to RMB30,000,000 on or before the date falling on the first anniversary of the Date of Completion; and as to RMB29,000,000 on or before the date falling on the second anniversary of the Date of Completion. The acquisition of Shenzhen Sky Picture Communications Company Limited was completed on 3 March 2009.

34. BUSINESS COMBINATIONS *(continued)*

(a) Acquisition of Shenzhen Sky Picture Communications Company Limited *(continued)*

Details of net assets acquired and goodwill were as follows:

	HK$
Purchase consideration:	
— Loan payable under control agreements	**89,499,100**
— Direct costs relating to the acquisition	**1,108,999**
Total purchase consideration	**90,608,099**
Fair value of net assets acquired — shown as below	**(71,953,612)**
Goodwill (Note 17)	**18,654,487**

The assets and liabilities as of 3 March 2009 arising from the acquisition were as follows:

	Fair value HK$	Acquiree's carrying amount HK$
Property, plant and equipment	**1,867,387**	**1,867,387**
Intangible assets	**134,059,833**	**134,059,833**
Investment in an associate	**868,160**	**868,160**
Other receivables	**13,147,058**	**13,147,058**
Amount due from an associate	**10,513**	**10,513**
Bank balances and cash	**2,431,118**	**2,431,118**
Trade payables	**(25,768,233)**	**(25,768,233)**
Other payables	**(22,461,052)**	**(22,461,052)**
Deferred income tax liabilities	**(32,201,172)**	**(32,201,172)**
Net assets		**71,953,612**
Fair value of net assets acquired	**71,953,612**	

34. BUSINESS COMBINATIONS *(continued)*

(a) Acquisition of Shenzhen Sky Picture Communications Company Limited *(continued)*

Shenzhen Sky Picture Communications Company Limited and its subsidiary contributed revenue of HK$3,389,558 and net loss of HK$19,721,314 to the Group for the period from 4 March 2009 to 31 December 2009. If the acquisition had occurred on 1 January 2009, total group revenue for the year ended 31 December 2009 would have been HK$88,472,202 and profit for the year would have been HK$3,572,160. This pro forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of the Group that actually would have been achieved had the acquisition occurred on 1 January 2009, nor is it intended to be a projection of future results.

(b) Acquisition of Shenzhen An He Xin Insurance Brokers Company Limited

On 30 May 2008, the Group acquired the entire equity interest of 深圳市安和信保險經紀有限公司 (transliterated as Shenzhen An He Xin Insurance Brokers Company Limited), a company established in the PRC, for a cash consideration of RMB5,000,000 (equivalent to HK$5,632,500). Shenzhen An He Xin Insurance Brokers Company Limited was principally engaged in the provision of insurance broking services in the PRC.

Details of net assets acquired and goodwill were as follows:

	HK$
Purchase consideration:	
— Cash paid	5,632,500
Total purchase consideration	5,632,500
Fair value of net assets acquired — shown as below	(3,780,028)
Goodwill (Note 17)	1,852,472

34. BUSINESS COMBINATIONS *(continued)*

(b) Acquisition of Shenzhen An He Xin Insurance Brokers Company Limited *(continued)*

The assets and liabilities as of 30 May 2008 arising from the acquisition were as follows:

	Fair value HK$	Acquiree's carrying amount HK$
Property, plant and equipment	23,894	23,894
Other receivables	1,043	1,043
Bank balances and cash	3,802,621	3,802,621
Other payables	(47,530)	(47,530)
Net assets		3,780,028
Fair value of net assets acquired	3,780,028	

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For the year ended 31 December 2009

34. BUSINESS COMBINATIONS *(continued)*

(c) Acquisition of the GoHi Group

During the year ended 31 December 2007, the Company and its wholly-owned subsidiary, Aceview International Limited entered into a sale and purchase agreement dated 11 July 2007 (as amended by a supplemental agreement dated 30 July 2007) with Fame Treasure Limited (the "Seller") and Mr. Wang Wenming (the "Warrantor"), in relation to the acquisition of the entire issued share capital of GoHi Holdings Limited. GoHi Holdings Limited and its wholly-owned subsidiary, First China Securities Consultancy (Shenzhen) Co., Ltd. (collectively, the "GoHi Group") are principally engaged in the provision of stock information and research in the PRC.

Pursuant to the agreements, the consideration for the acquisition is contingent on, inter alia, specified levels of net profits being achieved by the GoHi Group in future periods and was to be satisfied in the following manner:

(i) Issue of 200,000,000 new shares of HK$0.01 each in the capital of the Company (the "Consideration Shares") at each of the next three anniversary dates after completion, subject to the fulfillment of certain conditions as stipulated in the agreements.

(ii) Grant of an option (the "Option") to the Warrantor to subscribe for a maximum of 60,000,000 new shares of HK$0.01 each in the capital of the Company (the "Option Shares") at an exercise price of HK$0.15 per Option Share, in which 20,000,000 Option Shares are exercisable at each of the next three anniversary dates after completion, subject to the fulfillment of certain conditions as stipulated in the agreements.

(iii) Issue of a maximum of 160,000,000 new shares of HK$0.01 each in the capital of the Company (the "Bonus Shares") at each of the next three anniversary dates after completion, subject to the fulfillment of certain conditions as stipulated in the agreements. The actual number of Bonus Shares to be issued for each period, if any, would be based on the excess of the actual net profits being achieved by the GoHi Group in future periods over the net profit guarantee given by the Seller and the Warrantor and the Company's share prices in future periods.

Completion of the aforesaid acquisition took place on 16 November 2007. The fair value of the Consideration Shares to be issued was based the published price of the Company's shares as quoted on the Stock Exchange on 16 November 2007. The fair value of the Option had been included in the cost of combination at the time of initially accounting for the combination to the extent the adjustment to the cost of combination was considered probable, and such fair value was estimated by reference to an independent professional valuation which incorporated an option pricing model with annual risk free rate of 2.67%, volatility of 106.67%, dividend yield of 0% and other parameters according to the terms of the agreements. The fair value of the Bonus Shares to be issued had not been included in the cost of the combination at the time of initially accounting for the combination as it could not be measured reliably.

35. DISPOSAL OF SUBSIDIARIES

(a) On 23 September 2009, the Group disposed of its entire equity interest in First China Bullion Limited at a cash consideration of HK$3,060,000.

The assets and liabilities of this disposed subsidiary at the date of disposal were as follow:

	2009 HK$
Property, plant equipment	299,945
Other assets	1,760,518
Other receivables	207,580
Amount due from ultimate holding company	2,602,901
Bank balances and cash	989,627
Trade payables	(188,962)
Other payables	(9,000)
	5,662,609
Waiver of amount due from ultimate holding company	(2,602,901)
Gain on disposal of a subsidiary	292
Total cash consideration	3,060,000
Net cash inflow arising on disposal:	
Total cash consideration	3,060,000
Bank balances and cash disposed	(989,627)
	2,070,373

The results of this disposed subsidiary had no significant impact on the Group's consolidated revenue or profit for the year ended 31 December 2009.

(b) On 13 October 2009, the Group disposed of its entire equity interests in International Financial Network Capital (Singapore) Pte Ltd at a cash consideration of S$1 (equivalent to HK$5) and recorded a gain on disposal of HK$180,124. The results of this disposed subsidiary had no significant impact on the Group's consolidated revenue or profit for the year ended 31 December 2009.

(c) During the year ended 31 December 2009, the Group disposed of its entire equity interests in IFN Limited, IFN Rockhound Limited and Global Mall Group Holdings Limited upon their deregistration and recorded losses on disposal in aggregate of HK$8,831. The results of these disposed subsidiaries had no significant impact on the Group's consolidated revenue or profit for the year ended 31 December 2009.

36. OPERATING LEASE COMMITMENTS

As at 31 December 2009, the Group had future aggregated minimum lease payments under non-cancellable operating leases in respect of rented premises as follows:

	The Group	
	2009	2008
	HK$	HK$
No later than one year	**4,394,174**	4,732,156
Later than one year and no later than five years	**1,646,683**	5,130,215
	6,040,857	9,862,371

Leases in respect of rented office premises are negotiated for an average period of three years.

The Company did not have significant operating lease commitments as at 31 December 2009 (2008: Nil).

37. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following significant related party transactions during the year:

		The Group	
		2009	2008
	Note	**HK$**	HK$
Brokerage commission income earned from directors	(i)	**21,119**	175,031
Reimbursement of reasonable charges incurred by Shenzhen Wealth Alliance Networking Company Limited under the cooperation agreement	(ii)	**—**	11,728,428
Consultancy fee paid to a subsidiary of Shenzhen Guangxin Investment Company Limited	(iii)	**793,618**	954,108
Office rentals paid to Shenzhen Guangxin Investment Company Limited	(iii)	**952,342**	942,883

37. SIGNIFICANT RELATED PARTY TRANSACTIONS *(continued)*

	2009	2008
Key management compensation		
— Salaries and other short-term employee benefits	**4,799,700**	4,048,291
— Post-employment benefits	**60,000**	50,000
	4,859,700	4,098,291

Notes:

(i) The commission rates were substantially in line with those normally offered by the Group to third party clients. As at 31 December 2009, the outstanding balances with these related parties amounted to HK$5,816 (2008: amounts receivable of HK$118,425) in aggregate, which were included in the amounts payables to cash clients and margin clients arising from securities broking (Note 26) (2008: amounts receivables from margin clients arising from securities broking). The amounts due were unsecured, interest-free and repayable within one or two trade days after the trade execution date.

(ii) The transaction was based on the cooperation agreement dated 1 July 2007 entered into between First China Securities Consultancy (Shenzhen) Co., Ltd. and Shenzhen Wealth Alliance Networking Company Limited.

(iii) The consultancy fee and office rentals were based on terms agreed between the parties involved.

The Company has given a corporate guarantee to the extent of HK$23,000,000 (2008: HK$45,000,000) to a bank in respect of general banking facility granted to one of its subsidiaries. During the year ended 31 December 2009, such facility was not utilized by the subsidiary (2008: Nil). In the opinion of the directors, no material liabilities will arise from the above corporate guarantee which arose in the ordinary course of business and fair value of the corporate guarantee granted by the Company is immaterial.

38. EVENTS AFTER THE BALANCE SHEET DATE

(i) On 19 January 2010, the Group entered into an agreement to acquire a software copyright from the independent third party at a consideration of RMB3,000,000 (equivalent to approximately HK$3,390,000), which shall be satisfied as to RMB1,500,000 in cash and as to RMB1,500,000 by the allotment and issue of 9,201,954 shares of HK$0.01 each in the capital of the Company at an issue price of approximately HK$0.1842 each. The 9,201,954 shares were issued on 11 March 2010.

(ii) On 29 January 2010, 200,000,000 Consideration Shares of HK$0.01 each and 7,478,265 Bonus Shares of HK$0.01 each were issued to the vendor as contingent consideration for the acquisition of GoHi Holdings Limited due to the fulfillment of certain conditions as stipulated in the agreements (Note 34 (c)).

(iii) On 26 February 2010, 20,000,000 shares of HK$0.01 each were issued at a price of HK$0.15 per share by exercise of the Option granted to the vendor as contingent consideration for the acquisition of GoHi Holdings Limited due to the fulfillment of certain conditions as stipulated in the agreements (Note 34 (c)).

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years as extracted from the published audited financial statements is set out below:

	Year ended 31 December				
	2009	2008	2007	2006	2005
	HK$	HK$	HK$	HK$	HK$
		(As restated)			
RESULTS					
Revenue	**85,320,229**	72,155,034	44,050,196	457,935,641	91,909,528
Profit/(loss) before income tax	**10,699,895**	(619,865,676)	(23,318,083)	(12,390,227)	(12,022,840)
Income tax expense	**(7,654,821)**	(6,410,352)	(1,349,477)	—	—
Profit/(loss) for the year	**3,045,074**	(626,276,028)	(24,667,560)	(12,390,227)	(12,022,840)
Attributable to:					
Equity holders of the Company	**3,404,795**	(626,262,225)	(24,655,055)	(12,390,227)	(12,022,840)
Minority interests	**(359,721)**	(13,803)	(12,505)	—	—
	3,045,074	(626,276,028)	(24,667,560)	(12,390,227)	(12,022,840)

	As at 31 December				
	2009	2008	2007	2006	2005
	HK$	HK$	HK$	HK$	HK$
		(As restated)			
ASSETS, LIABILITIES AND MINORITY INTERESTS					
Total assets	**336,728,989**	173,262,594	673,835,146	61,334,985	52,239,726
Total liabilities	**(173,836,780)**	(17,491,784)	(47,408,434)	(26,903,776)	(6,125,534)
Minority interests	**(664,922)**	(71,693)	(85,496)	(5)	—
	162,227,287	155,699,117	626,341,216	34,431,204	46,114,192