

Interim Report 2013



首 華 財 經 網 絡 集 團 有 限 公 司  
FIRST CHINA FINANCIAL NETWORK HOLDINGS LIMITED  
(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 08123

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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

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

*Pursuant to Chapter 36 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “GEM Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Securities and Futures Commission (the “SFC”) regulates First China Financial Network Holdings Limited (the “Company”) in relation to the listing of its shares on GEM of the Stock Exchange. The SFC, The Hong Kong Exchanges and Clearing Limited, and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

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

## Highlights

The Group recorded a turnover of approximately HK\$2,105,000 for the six months ended 30 June 2013.

Loss for the six months ended 30 June 2013 was approximately HK\$5,186,000.

Loss attributable to owners of the Company for the six months ended 30 June 2013 amounted to approximately HK\$5,186,000.

Both basic and diluted loss per share were 0.13 HK cents.

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

## Interim Results (Unaudited)

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

### Condensed Consolidated Statement of Comprehensive Income

	Note	Three months ended 30 June		Six months ended 30 June	
		2013	2012	2013	2012
		HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Revenue	3	<b>755</b>	2,243	<b>2,105</b>	4,979
Cost of sales		—	(220)	—	(266)
Gross profit		<b>755</b>	2,023	<b>2,105</b>	4,713
Other gains	5	<b>8,899</b>	—	<b>8,899</b>	—
Other income		<b>44</b>	76	<b>114</b>	203
Employee benefits expenses		<b>(3,077)</b>	(3,360)	<b>(6,722)</b>	(6,853)
Depreciation of property, plant and equipment		<b>(978)</b>	(1,184)	<b>(2,055)</b>	(2,384)
Amortization of intangible assets		<b>(630)</b>	(8)	<b>(1,251)</b>	(17)
Finance costs		<b>(188)</b>	(245)	<b>(406)</b>	(491)
Other operating expenses		<b>(2,752)</b>	(4,669)	<b>(5,870)</b>	(10,769)
Share of losses of associates		—	(89)	—	(213)
Profit/(loss) before income tax		<b>2,073</b>	(7,456)	<b>(5,186)</b>	(15,811)
Income tax expense	6	—	—	—	—
Profit/(loss) for the period		<b>2,073</b>	(7,456)	<b>(5,186)</b>	(15,811)
<b>Other comprehensive income</b>					
Currency translation differences		<b>373</b>	(541)	<b>604</b>	(523)
Other comprehensive income for the period, net of tax		<b>373</b>	(541)	<b>604</b>	(523)

	Note	Three months ended 30 June		Six months ended 30 June	
		2013	2012	2013	2012
		HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Total comprehensive income for the period		<b>2,446</b>	(7,997)	<b>(4,582)</b>	(16,334)
<b>Profit/(loss) for the period attributable to:</b>					
Owners of the Company		<b>2,073</b>	(7,322)	<b>(5,186)</b>	(15,200)
Non-controlling interests		—	(134)	—	(611)
		<b>2,073</b>	(7,456)	<b>(5,186)</b>	(15,811)
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		<b>2,446</b>	(7,903)	<b>(4,582)</b>	(15,762)
Non-controlling interests		—	(94)	—	(572)
		<b>2,446</b>	(7,997)	<b>(4,582)</b>	(16,334)
<b>Earnings/(loss) per share for profit/(loss) attributable to the owners of the Company during the period</b>					
— basic (HK cents)	7	<b>0.05</b>	(0.18)	<b>(0.13)</b>	(0.38)
— diluted (HK cents)	7	<b>0.05</b>	(0.18)	<b>(0.13)</b>	(0.38)

## Condensed Consolidated Statement of Financial Position

		At 30 June 2013 HK\$'000 (unaudited)	At 31 December 2012 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment		42,054	44,034
Investment property		—	46,500
Intangible assets		4,964	6,122
Statutory deposits and other assets		2,075	2,030
Investments in associates		15	15
		<b>49,108</b>	98,701
<b>Current assets</b>			
Inventories		5,549	5,458
Current income tax recoverable		1,482	1,458
Trade receivables	8	6,869	4,149
Prepayment, deposits and other receivables		18,475	16,403
Bank balances and cash		42,194	20,353
		<b>74,569</b>	47,821
<b>Total assets</b>		<b>123,677</b>	146,522
<b>Current liabilities</b>			
Trade payables	9	7,357	8,137
Other payables and accruals		3,466	2,979
Borrowings	10	15,096	33,066
		<b>25,919</b>	44,182
<b>Net current assets</b>		<b>48,650</b>	3,639
<b>Total assets less current liabilities</b>		<b>97,758</b>	102,340

	Note	At 30 June 2013 HK\$'000 (unaudited)	At 31 December 2012 HK\$'000 (audited)
<b>Non-current liabilities</b>			
Deferred income tax liabilities		<b>4,198</b>	4,198
		<b>4,198</b>	4,198
<b>Net assets</b>		<b>93,560</b>	98,142
<b>Capital and reserves</b>			
Share capital	11	<b>40,290</b>	40,290
Share premium	11	<b>1,028,819</b>	1,028,819
Special reserve		<b>4,779</b>	4,779
Translation reserve		<b>10,334</b>	9,730
Warrants reserve		<b>223</b>	223
Share-based compensation reserve		<b>23,255</b>	23,255
Accumulated losses		<b>(1,014,140)</b>	(1,008,954)
<b>Equity attributable to owners of the Company</b>		<b>93,560</b>	98,142
<b>Non-controlling interests</b>		—	—
<b>Total equity</b>		<b>93,560</b>	98,142

## Condensed Consolidated Statements of Changes in Equity

For the six months ended 30 June 2013

	Attributable to owners of the Company									
	Share capital	Share premium	Special reserve	Translation reserve	Warrants reserve	Share-based compensation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 January 2012	40,290	1,028,819	4,779	9,571	223	23,255	(969,935)	137,002	(3,558)	133,444
Total comprehensive income for the period	—	—	—	(562)	—	—	(15,200)	(15,762)	(572)	(16,334)
Balance as at 30 June 2012	40,290	1,028,819	4,779	9,009	223	23,255	(985,135)	121,240	(4,130)	117,110

	Attributable to owners of the Company									
	Share capital	Share premium	Special reserve	Translation reserve	Warrants reserve	Share-based compensation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 January 2013	40,290	1,028,819	4,779	9,730	223	23,255	(1,008,954)	98,142	—	98,142
Total comprehensive income for the period	—	—	—	604	—	—	(5,186)	(4,582)	—	(4,582)
Balance as at 30 June 2013	40,290	1,028,819	4,779	10,334	223	23,255	(1,014,140)	93,560	—	93,560



## Condensed Consolidated Statement of Cash Flows

	For the six months ended 30 June	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Net cash used in operating activities	<b>(15,775)</b>	(20,087)
Net cash generated from investing activities	<b>55,978</b>	34
Net cash used in financing activities	<b>(17,970)</b>	(1,584)
Net increase/(decrease) in cash and cash equivalents	<b>22,233</b>	(21,637)
Cash and cash equivalents at beginning of period	<b>14,562</b>	39,650
Cash and cash equivalents at end of period	<b>36,795</b>	18,013
Analysis of the balance of cash and cash equivalents		
Cash at bank and on hand	<b>42,194</b>	25,355
Segregated trust bank balances	<b>(5,399)</b>	(7,342)
	<b>36,795</b>	18,013

Notes:

## 1. General Information

First China Financial Network Holdings Limited (the "Company") and its subsidiaries (together the "Group") is principally engaged in the provision of stock information and research services in the People's Republic of China (the "PRC"), provision of securities and futures trading services, corporate finance services and wealth management services in Hong Kong and trading and principal investments.

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

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (HK\$), while the functional currencies of certain subsidiaries are Renminbi ("RMB"). The Company has selected Hong Kong dollar as its presentation currency as management considered it is more beneficial to the user of the unaudited condensed consolidated financial statements. These unaudited condensed consolidated financial statements have been approved and authorized for issue by the board of directors on 9 August 2013.

## 2. Basis Of Preparation

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

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

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

### 3. Revenue

	Three months ended 30 June		Six months ended 30 June	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Income from provision of stock information and research services	74	1,397	149	2,233
Income from provision of a trading platform	39	40	79	78
Commission income from securities and futures brokerage	266	611	951	1,617
Interest income from clients	103	111	174	259
Net fair value (losses)/gains on securities trading	—	(212)	—	157
Rental income from investment property	250	269	698	538
Income from provision of wealth management services	23	27	54	97
	<b>755</b>	<b>2,243</b>	<b>2,105</b>	<b>4,979</b>

### 4. Segment Information

The executive directors consider the Group has seven reportable segments:

- (1) provision of stock information and research services;
- (2) provision of a trading platform;
- (3) provision of brokerage and securities margin financing services;
- (4) provision of corporate finance services;
- (5) trading and principal investments;
- (6) property investments; and
- (7) provision of wealth management services.

The segment information of the reportable segments for the six months ended 30 June 2012 is as follows:

	Stock information and research services	Provision of a trading platform	Brokerage and securities margin financing services	Corporate finance services	Trading and principal investments	Property investments	Wealth management services	Total
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Segment revenue from external customers	2,233	78	1,876	—	157	538	97	4,979
Segment results	(5,667)	6	(2,114)	—	(32)	305	39	(7,463)
Net unallocated expenses								(8,348)
Loss before income tax								(15,811)
Income tax expense								—
Loss for the period								(15,811)

The segment information of the reportable segments for the six months ended 30 June 2013 is as follows:

	Stock information and research services	Provision of a trading platform	Brokerage and securities margin financing services	Corporate finance services	Trading and principal investments	Property investments	Wealth management services	Total
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Segment revenue from external customers	149	79	1,125	—	—	698	54	2,105
Segment results	(4,050)	6	(1,976)	—	—	9,119	34	3,133
Net unallocated expenses								(8,319)
Loss before income tax								(5,186)
Income tax expense								—
Loss for the period								(5,186)

The Group mainly operates in Hong Kong and the PRC.

	For the six months ended	
	30 June 2013	30 June 2012
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Revenue</b>		
Hong Kong	<b>1,956</b>	2,589
The PRC	<b>149</b>	2,390
	<b>2,105</b>	4,979

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

#### 5. Other Gain

	Three months ended		Six months ended	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Gain arising on disposal of an investment property	<b>8,899</b>	—	<b>8,899</b>	—
	<b>8,899</b>	—	<b>8,899</b>	—

#### 6. Income Tax Expense

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

## 7. Loss Per Share

### Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company for the period ended 30 June 2013 of approximately HK\$5,186,000 (2012: loss HK\$15,200,000) by the weighted average number of 4,028,964,120 (2012: 4,028,964,120) ordinary shares in issue during the period.

### Diluted

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

## 8. Trade Receivables

	At 30 June 2013 HK\$'000 (unaudited)	At 31 December 2012 HK\$'000 (audited)
Amounts receivable arising from securities broking:		
Margin clients	<b>4,548</b>	2,059
Cash clients	<b>2,232</b>	1,970
HKSCC	<b>4</b>	—
Other trade receivables	<b>85</b>	120
Trade receivables, net	<b>6,869</b>	4,149

Amounts receivable from margin clients are repayable on demand, bear interest at prevailing market rates and are secured by clients' pledged securities which are listed on the Stock Exchange with a total market value of approximately HK\$19,125,000 as at 30 June 2013 (31 December 2012: HK\$14,248,000). No aged analysis is disclosed as, in the opinion of the directors, the aged analysis does not give additional value in view of the nature of the business of securities margin financing.

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

Other trade receivables arising from the provision of corporate finance services and wealth management services are due immediately from date of billing but the Group will generally grant a credit period of 30 days on average to its customers. Trade receivables arising from the provision of stock information and research services are with credit term of 30 to 90 days.

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

	At 30 June 2013 HK\$'000 (unaudited)	At 31 December 2012 HK\$'000 (audited)
0-30 days	85	84
31-90 days	—	—
91-180 days	—	—
181-365 days	—	36
Over 365 days	—	—
	<b>85</b>	120

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

## 9. Trade Payables

	At 30 June 2013 HK\$'000 (unaudited)	At 31 December 2012 HK\$'000 (audited)
Amounts payable arising from securities broking:		
Margin clients	99	102
Cash clients	6,471	6,109
HKSCC	—	1,165
Other trade payables	787	761
	<b>7,357</b>	8,137

Amounts payable to margin clients are repayable 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 securities margin financing.

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

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

	At 30 June 2013 HK\$'000 (unaudited)	At 31 December 2012 HK\$'000 (audited)
0–30 days	1	1
31–90 days	—	—
91–180 days	—	—
181–365 days	780	754
Over 365 days	6	6
	<b>787</b>	761

## 10. Borrowings

	At 30 June 2013 HK\$'000 (unaudited)	At 31 December 2012 HK\$'000 (audited)
Secured bank borrowings	<b>15,096</b>	33,066



**11. Share Capital And Premium**

	Number of issued shares (in thousands)	Ordinary shares HK\$'000	Share premium HK\$'000	Total HK\$'000
As at 1 January 2013 and 30 June 2013	<b>4,028,964</b>	<b>40,290</b>	<b>1,028,819</b>	<b>1,069,109</b>

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

**12. Dividend**

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



## Business Review

Stock market in the first half year of 2013 was still floating, market concerns about Federal Reserve exit, leading to mass outflow of funds and Hong Kong stock market was also affected. The Group incurred a loss during the first half year of 2013 under reviewed. The turnover for the six months ended 30 June 2013 amounted to approximately HK\$2.11 million.

As PRC government tightened regulatory control, resulting in the income from provision of stock information and research services in China dropped sharply from approximately HK\$2.23 million same period last year to HK\$0.15 million as at the month ended 30 June 2013.

Due to increase of competition within the industry, business operations became more difficult. In addition to the uncertainty of global economic, stock markets were volatile. As investors were lack of confidence in the economic future, resulting in the stock market turnover decreased and income from Hong Kong securities business of the Group dropped significantly under review. The commission income from securities and futures brokerage of approximately HK\$1.62 million from the same period last year decreased to as at 30 June 2013 approximately HK\$0.95 million.

## Financial Review

The Group recorded an unaudited revenue of approximately HK\$2.11 million for the six months ended 30 June 2013 compared with that of approximately HK\$5.00 million for the corresponding period in 2012. The decrease is mainly attributable to the reduction of income from provision of stock information and research services from Shenzhen operation. This segment dropped by 93.3% from the same period last year to approximately HK\$0.15 million for the months ended 30 June 2013. Due to the PRC government tightened regulatory control, the segment income has slowed down in recent years. Turnover of commission income from securities and futures brokerage dropped by 41.2% from approximately HK\$1.62 million in the same period last year to approximately HK\$0.95 million for the period under review. Decline in revenue of broking segment due to weak retail equity market sentiment.

Segment loss from stock information and research services narrows to approximately HK\$4.05 million for the period under review, compared with approximately HK\$5.67 million in the corresponding period of last year. Segment loss from brokerage and securities margin financing services decreased to approximately HK\$1.98 million in the current period under review, compared with a loss of approximately HK\$2.11 million from the corresponding period last year.

For the six months ended 30 June 2013, loss attributable to owners of the Company was approximately HK\$5.19 million, compared with approximately HK\$15.20 million for the corresponding period last year. In summary, the loss per share for the reporting period was approximately 0.13 HK cents while the loss per share was approximately 0.38 HK cents for the same period last year.

The equity attributable to owners of the Company amounted to approximately HK\$93.56 million as at 30 June 2013, representing a decrease of approximately HK\$ 4.58 million, or 4.7% from that of 31 December 2012. The decrease was mainly attributed to the loss for the period under review to owners of the Company.

Due to the disposal of the investment property during the period under review, it lead the rise of current assets. The Group's net current assets as at 30 June 2013 amounted to approximately HK\$48.65 million and the liquidity of the Group, as demonstrated by the current ratio (current assets/current liabilities) was 2.9 times. The Group's bank balances and cash approximately HK\$42.19 million as at 30 June 2013, and the total borrowings amounted to approximately HK\$15.10 million which was secured by charges over certain of the Group's properties.

## Outlook

Mentioned in the recent announcements of the Group, the Company has been incorporated Shenzhen Guoyin Brilliant Precious Metals Ltd. in China on 9 July 2013 which is a non-wholly owned subsidiary of the Company. Its principal businesses include the sale, distribution and trading of gold, silver, platinum, palladium etc.

In addition, an application has been made to the relevant authorities of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, China, by the Company for the incorporation of Shenzhen First China Guoyin Asset Management Ltd an asset management company, of which its business will include asset management, equity investment, investment management and advisory, corporate management and advisory and marketing planning, investment advisory, domestic trading, import and export, sale, distribution and trading of gold, silver, platinum, palladium and its related products, wholesale and retail trading business and the organising and planning of precious metal cultural activities and exchange. Furthermore, the Company is at the stage of negotiating with relevant authorities of China for the possible development of a school safety network concerning electronic student cards for schools in China.

As the demand for precious metals is still large in China, if the Group can be involved in the precious metals business, it will be able to further expand the scope of the Group's business and income.

Our views towards current business prospects remains cautious, and our Group will continue to seek opportunities to expand into new markets to make a healthy and sustainable growth of the Group.

## Directors' Report

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

As at 30 June 2013, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

#### (a) Long positions in shares of the Company

Name of Directors	Number of shares			Total	Approximate percentage of shareholding
	Personal Interests	Family Interests	Corporate Interests		
Wang Wenming (Note 1)	450,212,307	145,116,650	—	595,328,957	14.78%
Lee Yiu Sun	110,060,000	—	—	110,060,000	2.73%
Wang Jiawai (Note 2)	202,043,628	—	—	202,043,628	5.01%
Song Binyang (Note 2)	—	202,043,628	—	202,043,628	5.01%
Liu Runtong	2,646,000	—	—	2,646,000	0.07%

Note:

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

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

*Share option scheme of the Company*

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

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

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

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

**(c) Short positions in underlying shares of the Company**

Name of Director	Number of shares		Approximate percentage of shareholding
	Personal Interest	Corporate Interest	
Lee Yiu Sun (Note 3)	50,000,000	—	1.24%

Note:

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

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

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

So far as is known to any Directors of the Company, as at 30 June 2013, the following persons (not being a Director or chief executive of the Company) had interests in the shares or underlying shares which were notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under section 336 of the SFO:

### (a) Long positions in shares of the Company

Name of shareholders	Capacity	Number of shares	Approximate percentage of shareholding
Wang Wenming and Chen Dongjin (Note 1)	Beneficial owners	595,328,957	14.78%

Note:

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

### (b) Long positions in underlying shares of the Company

Name of shareholders	Capacity	Number of shares	Approximate percentage of shareholding
Wang Wenming and Chen Dongjin (Note 2)	Beneficial owners	11,682,577	0.29%

Note:

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

Save as disclosed above, as at 30 June 2013, the Company had not been notified of any other person (other than the Directors whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" above) who had an interest or short position in the shares or underlying shares of the Company and was required to be recorded in the register required to be kept under Section 336 of the SFO and/or was directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

## **Details of the Share Options Granted by the Company**

### *Share Option Scheme of the Company*

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

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

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

The number of shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes are not permitted to exceed 30% of the shares of the Company in issue from time to time, without prior approval from the Company's shareholders.



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

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

### Directors' Interest in Competing Business

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

### Compliance with Code on Corporate Governance Practice

The Company has applied the principles and has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules throughout the period under review.

### Directors' Securities Transaction

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. Having made specific enquiry of all Directors, all Directors of the Company confirmed that they have complied with the required standard dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the period under review.

## **Purchase, Redemption or Sale of Listed Securities**

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

## **Compliance with Rules 5.48 To 5.67 of the GEM Listing Rules**

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

## **Audit Committee**

The Audit Committee has reviewed the financial statements of the Group for the six months period ended 30 June 2013 pursuant to the relevant provisions contained in the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure has been made in respect thereof.

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

Hong Kong, 9 August 2013

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