

Date: 23 November 2009

Sector: Financials

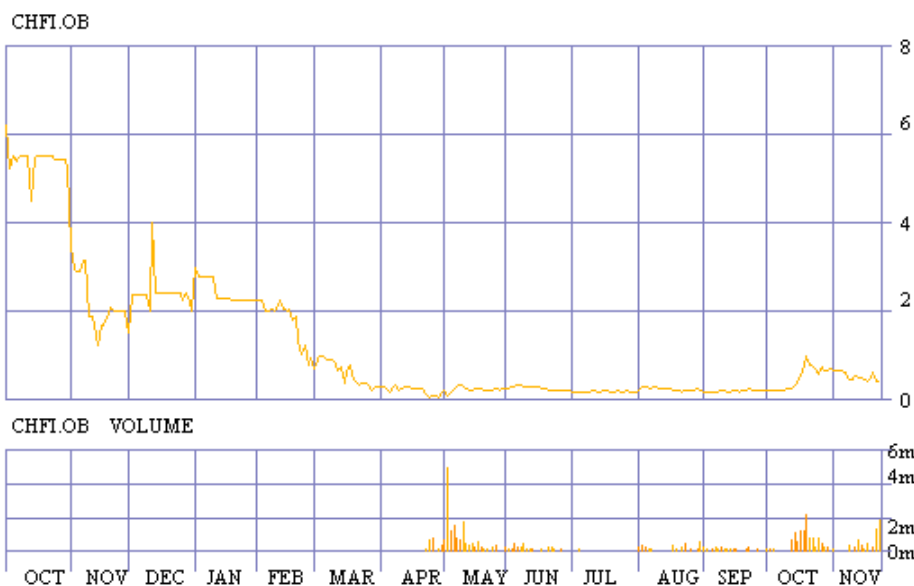
Industry: Financials - Specialty

**Business Summary**

China Finance, Inc., through its wholly owned subsidiary, Shenzhen Hua Yin Guaranty and Investment Limited Liability Corporation (SHY), is engaged in providing surety guarantees for privately owned small and medium enterprises (SMEs) (or operating companies) in the People's Republic of China entering into transactions, whereby the SME will be acquired by a publicly traded United States reporting company in a reverse merger or other merger and acquisition transaction; providing loan guarantees to assist SMEs and individuals in China in obtaining loans from Chinese banks for business operations and/or personal use, and making direct loans to SMEs for business operations. In addition, the Company is seeking direct investments (including, without limitation, controlling investments) in SMEs that would be made through the Company's wholly owned subsidiary, Value Global International Limited.

**Share Performance**

Price (\$): 0.43      52 Week High: 4.00      Currency: USD  
 Volume (millions): 0.4      52 Week Low: 0.04



**Financial Summary**

BRIEF: For the fiscal year ended 31 December 2008, China Finance, Inc.'s investment income decreased 88% to \$2.1M. Net decrease in net assets resulting from operations for the period totaled \$18.4M vs. an increase in \$27.2M. Investment income reflects absence of surety guarantee revenue. Net decrease in net assets resulting from operations also reflects increased office rent and presence of bad debt expense and other general & administration expense.

**Valuation Ratios**

Price/Earnings (TTM)	--
Price/Sales (TTM)	11.81
Price/Book (MRQ)	0.66
Price/Cashflow (TTM)	--

**Per Share Data**

Earnings (TTM)	(0.32)
Sales (TTM)	0.04
Book Value (MRQ)	0.65
Cash Flow (TTM)	(0.32)
Cash (MRQ)	0.00

**Profitability Ratios (%)**

Gross Margin (TTM)	--
Operating Margin (TTM)	(147.00)
Net Profit Margin (TTM)	(873.90)

**Management Effectiveness (%)**

Return on Equity (TTM)	(39.48)
Return on Assets (TTM)	(37.96)
Return on Investment (TTM)	(39.48)

**Financial Strength**

Quick Ratio (MRQ)	--
Current Ratio (MRQ)	--
LT Debt/Equity (MRQ)	0.00
Total Debt/Equity (MRQ)	0.00

**Dividend Information**

Dividend Yield (%)	0.00
Dividend per Share (MRQ)	0.00
Payout Ratio (MRQ)	--

TTM: Trailing Twelve Months; MRQ: Most Recent Quarter; MRI: Most Recent Interim.  
 Latest fiscal year: 2008; Most recent quarter: 1; Fiscal year end month: N/A;  
 All Ratios are calculated for the latest fiscal year end unless otherwise indicated.  
 Data Source: Reuters Fundamentals



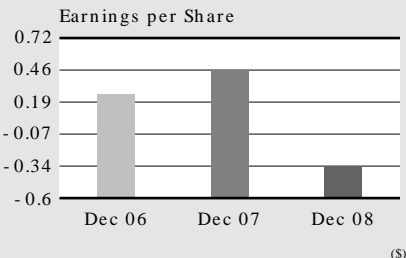
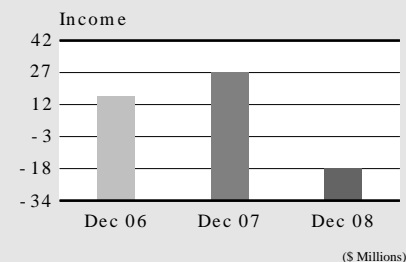
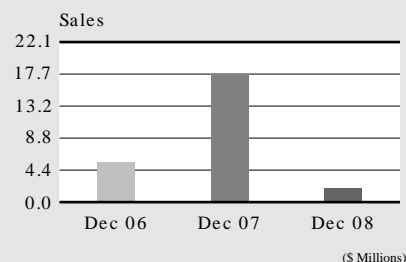
REUTERS

**China Finance Inc**  
 111 Pavonia Avenue  
 Suite 615  
 Jersey City  
 NJ 07310  
 United States

(Director of Investor Relations)

http://  
[www.chinafinanceincorporation.com/](http://www.chinafinanceincorporation.com/)

P/E: --  
 Employees: 48  
 Market Cap: 24.80 (Millions)  
 Shares Outstanding: 57.67  
 Float: 57.10



## Key Ratios & Statistics

### Financial Strength

	12 Mo Dec 06	12 Mo Dec 07	12 Mo Dec 08	MRQ	3 Year Average
Quick Ratio	--	--	--	--	--
<b>Current Ratio</b>	--	--	--	--	--
LT Debt/Equity	0.00	0.00	0.00	0.00	0.00
Total Debt Equity	0.00	0.00	0.00	0.00	0.00

**Quick Ratio:** Cash plus Short Term Investments plus Accounts Receivable divided by the Total Current Liabilities for the same period. **Current Ratio:** Total Current Assets divided by Total Current Liabilities for the same period. **Long Term Debt To Total Equity:** Total Long Term Debt divided by Total Shareholder Equity. **Total Debt to Total Equity:** Total Debt divided by Total Shareholder Equity for the same period.

### Profitability

	12 Mo Dec 06	12 Mo Dec 07	12 Mo Dec 08	TTM	3 Year Average
<b>Gross Margin (%)</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	--	<b>100.00</b>
Operating Margin (%)	77.04	82.25	(156.35)	(147.00)	0.98
Net Profit Margin (%)	285.18	154.01	(874.37)	(873.90)	(145.06)
Interest Coverage	--	--	--	--	--

**Gross Margin:** This value measures the percent of revenue left after paying all direct production expenses. It is calculated as Revenue minus the Cost of Goods Sold divided by the Revenue and multiplied by 100. **Operating Margin:** This value measures the percent of revenues remaining after paying all operating expenses. It is calculated as Operating Income divided by the Total Revenue, multiplied by 100. **Net Profit Margin:** Also known as Return on Sales, this value is the Income After Taxes divided by Total Revenue for the same period and is expressed as a percentage. **Interest Coverage:** The Operating Income divided by the company's interest obligations.

*Financial Strength looks at business risk. The stronger a company is from a financial standpoint, the less risky it is. The Quick Ratio compares cash and short-term investments (investments that could be converted to cash very quickly) to the financial liabilities they expect to incur within a year's time.*

*The Current Ratio compares year-ahead liabilities to cash on hand now plus other inflows (e.g. Accounts Receivable) the company is likely to realize over that same twelve-month period.*

<b>Current Ratio</b>	--
Total Current Assets	--
Total Current Liabilities	--

*The Long Term Debt/Equity Ratio looks at the company's capital base. A ratio of 1.00 means the company's long-term debt and equity are equal. The Total Debt/Equity Ratio includes long-term debt and short term debt.*

*These ratios realize overall profitability, or the bottom line.*

<b>Gross Margin (%)</b>	-- (%)
$\frac{\text{Gross Profit}}{\text{Revenue}} \times 100$	$\frac{1.98}{1.98} \times 100$

*Gross Margin shows the amount of revenue left over after deducting direct costs of producing the goods or services. Operating Profit and Operating Margin trace the progress revenue down to another important level. From gross profit, we now subtract indirect costs, often referred to as overhead e.g. facilities and salaries associated with headquarters operations.*

*Finally, Profit Margin shows you how much of each revenue dollar is left after all costs, of any kind, are subtracted. These other costs include such items as interest on corporate debt and income taxes.*

**TTM:** Trailing Twelve Months; **MRQ:** Most Recent Quarter; **MRI:** Most Recent Interim.

Latest fiscal year: 2008; Most recent quarter: 1; Fiscal year end month: N/A;

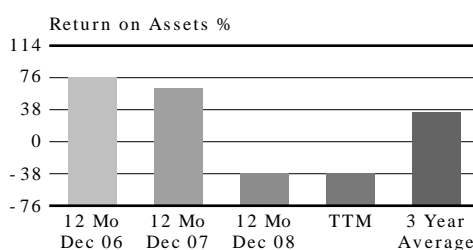
All Ratios are calculated for the latest fiscal year end unless otherwise indicated.

Data Source: Reuters Fundamentals

## Key Ratios &amp; Statistics (cont.)

## Management Effectiveness (%)

	12 Mo Dec 06	12 Mo Dec 07	12 Mo Dec 08	TTM	3 Year Average
Return on Equity %	75.86	64.70	(39.48)	(39.48)	33.69
<b>Return on Assets %</b>	<b>75.64</b>	<b>63.65</b>	<b>(37.96)</b>	<b>(37.96)</b>	<b>33.78</b>
Return on Investments %	75.86	64.70	(39.48)	(39.48)	33.69



**Return On Equity:** Income Available to Common Stockholders divided by the Common Equity and expressed as a percentage. **Return on Assets:** This value is the Income After Taxes divided by the Average Total Assets, expressed as a percentage. **Return on Investments:** Income after taxes divided by the average total long term debt, other long term liabilities and shareholders equity, and expressed as a percentage.

## Dividend Information

	12 Mo Dec 06	12 Mo Dec 07	12 Mo Dec 08	MRQ	3 Year Average
<b>Payout Ratio (%)</b>	<b>0.00</b>	<b>0.00</b>	<b>(0.00)</b>	--	<b>0.00</b>
Dividend Per Share	0.00	0.00	0.00	0.00	0.00

**Dividend Per Share:** Common Stock Cash Dividends divided by the shares outstanding. **Payout Ratio:** This ratio is the percentage of the Primary/Basic Earnings Per Share Excluding Extraordinary Items paid to common stockholders in the form of cash dividends.

A company's ability to operate profitably can be measured directly by measuring its return on assets. ROA (Return On Assets) is the ratio of a company's net profit to its total assets, expressed as a percentage.

$$\text{Return on Assets (\%)} = \frac{\text{Income After Taxes}}{\text{Average Total Assets}} \times 100 = \frac{(18.35)}{48.35} \times 100 = (37.96)\%$$

ROA measures how well a company's management uses its assets to generate profits. It is a better measure of operating efficiency than ROE, which only measures how much profit is generated on the shareholders equity but ignores debt funding. This ratio is particularly relevant for banks which typically have huge assets.

The annual dividend is the total amount(\$) of dividends you could expect to receive if you held the stock for a year (assuming no change in the company's dividend policy).

$$\text{Payout Ratio (\%)} = \frac{\text{Dividend Per Share}}{\text{Primary EPS}} \times 100 = \frac{0.00}{(0.32)} \times 100 = (0.00)\%$$

The dividend yield is the indicated annual dividend rate expressed as a percentage of the price of the stock, and could be compared to the coupon yield on a bond. The Payout Ratio tells you what percent of the company's earnings have been given to shareholders as cash dividends. A low payout ratio indicates that company has chosen to reinvest most of the profits back into the business.

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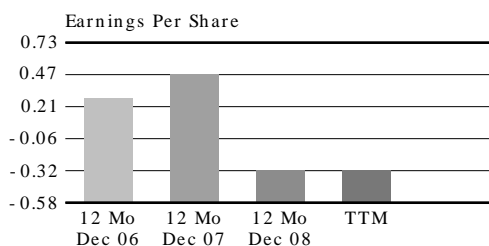
All Ratios are calculated for the latest fiscal year end unless otherwise indicated.

Data Source: Reuters Fundamentals

## Key Ratios &amp; Statistics (cont.)

## Per Share Data

	12 Mo Dec 06	12 Mo Dec 07	12 Mo Dec 08	TTM	3 Year Growth
<b>Earning Per Share</b>	<b>0.27</b>	<b>0.47</b>	<b>(0.32)</b>	<b>(0.32)</b>	
Sales Per Share	0.10	0.31	0.04	0.04	0.59
Book Value	0.49	0.97	0.65	0.65	0.43
Cash Flow	0.27	0.47	(0.32)	(0.32)	
Cash Per Share	0.00	0.02	0.00	0.00	(0.73)



**EPS Excluding Extraordinary Items:** This is the adjusted income available to Common divided by the diluted weighted average shares outstanding. **Sales (Revenue) Per Share:** Total Revenue divided by the Average Diluted Shares Outstanding. **Book Value Per Share:** This is defined as the Common Shareholder's Equity divided by the Shares Outstanding. **Cash Flow:** Cash Flow is defined as the sum of Income After Taxes minus Preferred Dividends and General Partner Distributions plus Depreciation, Depletion and Amortization. **Cash Per Share:** This is the Total Cash plus Short Term Investments divided by the Shares Outstanding.

The most important Per-Share Data item is Earnings Per Share. That's because ultimately, the price of your stock is related in some way to the value of the stream of earnings attributable to that share.

<b>Earnings Per Share</b>	<b>(0.32)</b>
Adjusted Income Avail. to Common Shareholders	(18.35)
Diluted Weighted Average Shares	57.67

This section also includes the amount of Cash Per Share the company had at the time of its most recent quarterly or annual report. Most of the time, this number will be far below the stock price. In a healthy industrial company, a Cash Per Share figure that is close the stock price might suggest that investors are underestimating the worth of the company's ongoing business, thereby creating an interesting investment opportunity for you.

**TTM:** Trailing Twelve Months; **MRQ:** Most Recent Quarter; **MRI:** Most Recent Interim.

Latest fiscal year: 2008; Most recent quarter: 1; Fiscal year end month: N/A;

All Ratios are calculated for the latest fiscal year end unless otherwise indicated.

Data Source: Reuters Fundamentals

# Consensus Estimates

Analyst Recommendations & Revisions	Current	As of 1 Week Ago	As of 4 Weeks Ago	As of 8 Weeks Ago	As of 13 Weeks Ago
Buy	--	--	--	--	--
Outperform	--	--	--	--	--
Hold	--	--	--	--	--
Underperform	--	--	--	--	--
Strong Sell	--	--	--	--	--
Mean Rating	--	--	--	--	--

## Consensus Recommendation

Company Fiscal Year End Month  
N/A

Last Updated  
23 November 2009

Consensus Estimate Trends	Current	As of 1 Week Ago	As of 4 Weeks Ago	As of 8 Weeks Ago	As of 13 Weeks Ago
<b>Sales(Millions)</b>					
Year Ending N/A	--	--	--	--	--
Year Ending N/A	--	--	--	--	--
Quarter Ending - N/A	--	--	--	--	--
Quarter Ending - N/A	--	--	--	--	--
<b>Earnings (Per share)</b>					
Year Ending N/A	--	--	--	--	--
Year Ending N/A	--	--	--	--	--
Quarter Ending - N/A	--	--	--	--	--
Quarter Ending - N/A	--	--	--	--	--

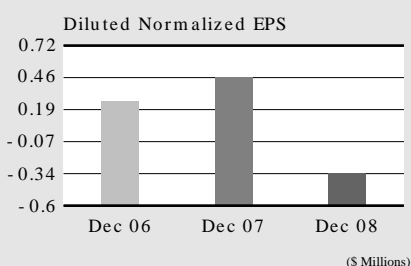
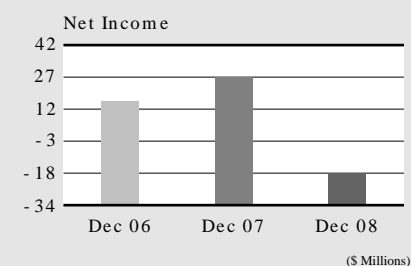
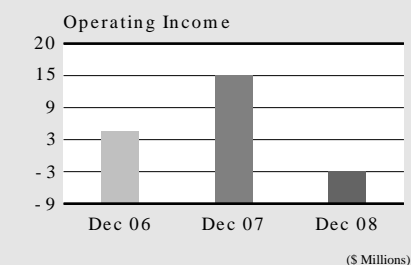
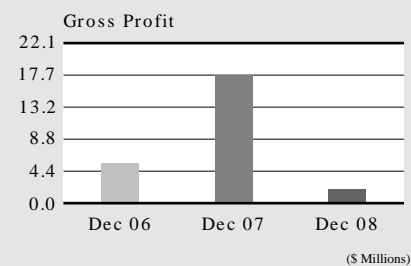
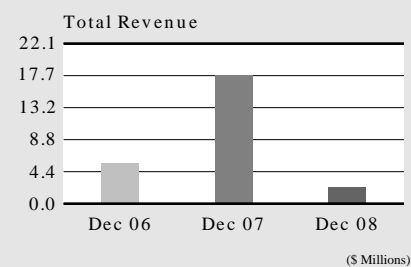
Consensus Estimate Analysis	No. of Estimates	Mean Estimate	High Estimate	Low Estimate
<b>Sales(Millions)</b>				
Year Ending N/A	--	--	--	--
Year Ending N/A	--	--	--	--
Quarter Ending - N/A	--	--	--	--
Quarter Ending - N/A	--	--	--	--
LT Growth Rate	--	--	--	--
<b>Earnings (Per share)</b>				
Year Ending N/A	--	--	--	--
Year Ending N/A	--	--	--	--
Quarter Ending - N/A	--	--	--	--
Quarter Ending - N/A	--	--	--	--
LT Growth Rate	--	--	--	--

Quarter Historical Surprises	Estimate	Actual	Difference	Surprise(%)
<b>Sales(Millions)</b>				
N/A	--	--	--	--
N/A	--	--	--	--
N/A	--	--	--	--
N/A	--	--	--	--
<b>Earnings (Per share)</b>				
N/A	--	--	--	--
N/A	--	--	--	--
N/A	--	--	--	--
N/A	--	--	--	--

## Annual Income Statement

	Type of Update	RES	UPD	UPD
		(\$ Millions) 12Months 31 Dec 06	(\$ Millions) 12Months 31 Dec 07	(\$ Millions) 12Months 31 Dec 08
<b>Total Revenue</b>		<b>5.5</b>	<b>17.7</b>	<b>2.1</b>
Cost of Revenue, Total		--	--	--
<b>Gross Profit</b>		<b>5.5</b>	<b>17.7</b>	<b>2.0</b>
Selling/General/Admin. Expenses		1.2	3.0	5.0
Research & Development		--	--	--
<b>Depreciation/Amortization</b>		<b>0.1</b>	<b>0.1</b>	<b>0.2</b>
Interest Expense/Income Net Op.		--	--	--
Unusual Income/Expense		--	--	--
<b>Other Operating Expenses, Total</b>		<b>--</b>	<b>--</b>	<b>--</b>
<b>Total Operating Expense</b>		<b>1.3</b>	<b>3.1</b>	<b>5.2</b>
<b>Operating Income</b>		<b>4.2</b>	<b>14.5</b>	<b>(3.1)</b>
Interest Expense/Income Net Non Op.		--	--	--
Gain/(Loss) on Sale of Assets		0.4	0.7	1.6
<b>Other, Net</b>		<b>--</b>	<b>--</b>	<b>--</b>
<b>Income Before Tax</b>		<b>15.6</b>	<b>27.2</b>	<b>(18.3)</b>
Income Tax - Total		0.0	0.0	0.0
<b>Income After Tax</b>		<b>15.6</b>	<b>27.2</b>	<b>(18.4)</b>
Minority Interest		--	--	--
Equity In Affiliates		--	--	--
U.S. GAAP Adjustment		--	--	--
<b>Net Income Before Extra. Items</b>		<b>15.6</b>	<b>27.2</b>	<b>(18.4)</b>
Accounting Change		--	--	--
Discontinued Operations		--	--	--
Extraordinary Item		--	--	--
Tax on Extraordinary Items		--	--	--
<b>Net Income</b>		<b>15.6</b>	<b>27.2</b>	<b>(18.4)</b>
Preferred Dividends		--	--	--
General Partner's Distributions		--	--	--
<b>Inc. Avail. to Common Excl. Extra. Items</b>		<b>15.6</b>	<b>27.2</b>	<b>(18.4)</b>
<b>Inc. Avail. to Common Incl. Extra. Items</b>		<b>15.6</b>	<b>27.2</b>	<b>(18.4)</b>
Basic Weighted Average Shares		57.7	57.7	57.7
<b>Basic EPS Excl. Extra. Items</b>		<b>0.271</b>	<b>0.472</b>	<b>(0.318)</b>
<b>Basic EPS Incl. Extra. Items</b>		<b>0.271</b>	<b>0.472</b>	<b>(0.318)</b>
Dilution Adjustment		0.000	0.000	0.000
<b>Diluted Net Income</b>		<b>15.648</b>	<b>27.208</b>	<b>(18.353)</b>
Diluted Weighted Average Shares		57.672	57.672	57.672
<b>Diluted EPS Excl. Extra. Items</b>		<b>0.271</b>	<b>0.472</b>	<b>(0.318)</b>
<b>Diluted EPS Incl. Extra. Items</b>		<b>0.271</b>	<b>0.472</b>	<b>(0.318)</b>
Div's per Share - Common Stock		0.000	0.000	0.000
Gross Dividends - Common Stock		0.000	0.000	0.000
Interest Expense, Supplemental		--	--	--
Interest Capitalized, Supplemental		--	--	--
Depreciation, Supplemental		0.068	0.121	0.170
<b>Total Special Items</b>		<b>(0.413)</b>	<b>(0.705)</b>	<b>(1.598)</b>
<b>Normalized Income Before Tax</b>		<b>15.235</b>	<b>26.514</b>	<b>(19.937)</b>
Effect of Special Items on Inc. Taxes		0.000	0.000	(0.559)
<b>Inc. Taxes Excl. Impact Special Items</b>		<b>0.000</b>	<b>0.011</b>	<b>(0.545)</b>
<b>Normalized Income After Tax</b>		<b>15.235</b>	<b>26.503</b>	<b>(19.392)</b>
<b>Normalized Income Available to Common</b>		<b>15.235</b>	<b>26.503</b>	<b>(19.392)</b>
Basic Normalized EPS		0.264	0.460	(0.336)
Diluted Normalized EPS		0.264	0.460	(0.336)

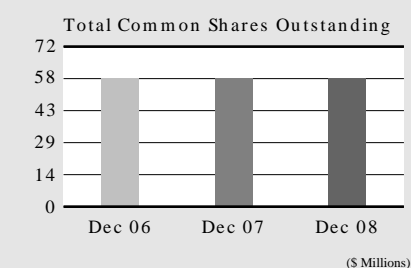
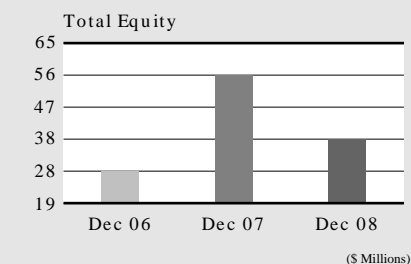
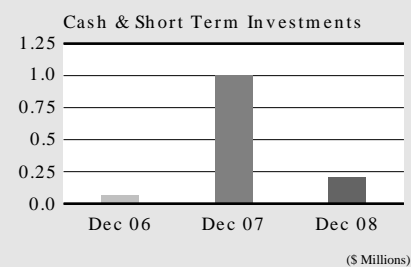
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# Annual Balance Sheet

	Type of Update	CLA	UPD	UPD
		(\$ Millions) 31 Dec 06	(\$ Millions) 31 Dec 07	(\$ Millions) 31 Dec 08
Cash		0.1	1.0	0.2
Cash and Equivalents		--	--	--
Short Term Investments		--	--	--
<b>Cash and Short Term Investments</b>		<b>0.1</b>	<b>1.0</b>	<b>0.2</b>
Accounts Receivable(Trade), Net		0.0	1.3	0.2
Notes Receivable - Short Term		--	--	--
Other Receivables		--	0.0	1.7
<b>Total Receivables, Net</b>		<b>0.0</b>	<b>1.3</b>	<b>1.9</b>
<b>Total Inventory</b>		--	--	--
Prepaid Expenses		0.1	0.3	0.5
Other Current Assets		--	--	--
<b>Total Current Assets</b>		--	--	--
<b>Property/Plant/Equipment - Gross</b>		<b>0.5</b>	<b>0.6</b>	<b>0.7</b>
Accumulated Depreciation		(0.0)	(0.1)	(0.2)
<b>Property/Plant/Equip., Net</b>		<b>0.5</b>	<b>0.6</b>	<b>0.5</b>
<b>Goodwill, Net</b>		--	--	--
<b>Intangibles, Net</b>		--	--	--
<b>Long Term Investments</b>		<b>27.9</b>	<b>48.7</b>	<b>36.4</b>
Note Receivable - Long Term		--	--	--
<b>Other Long Term Assets, Total</b>		<b>0.0</b>	<b>5.1</b>	<b>0.2</b>
<b>Other Assets, Total</b>		--	--	--
<b>Total Assets</b>		<b>28.5</b>	<b>57.0</b>	<b>39.7</b>
Accounts Payable		--	--	--
Payable/Accrued		--	--	--
Accrued Expenses		0.1	1.0	2.0
Notes Payable/Short Term Debt		0.0	0.0	0.0
Current Port. LT Debt/Capital Leases		--	--	--
<b>Other Current Liabilities, Total</b>		<b>0.0</b>	<b>0.3</b>	<b>0.5</b>
<b>Total Current Liabilities</b>		--	--	--
Long Term Debt		--	--	--
Capital Lease Obligations		--	--	--
<b>Total Long Term Debt</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Debt</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Deferred Income Tax</b>		--	--	--
Minority Interest		--	--	--
<b>Other Liabilities, Total</b>		--	--	--
<b>Total Liabilities</b>		<b>0.1</b>	<b>1.3</b>	<b>2.4</b>
<b>Redeemable Preferred Stock</b>		--	--	--
<b>Preferred Stock(Non Redeemable), Net</b>		--	--	--
<b>Common Stock</b>		<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
Additional Paid-In Capital		13.1	13.1	13.1
Retained Earnings/Accum. Deficit		3.6	28.2	17.7
Treasury Stock - Common		--	--	--
ESOP Debt Guarantee		--	--	--
Unrealized Gain/Loss		11.7	14.3	6.4
<b>Other Equity, Total</b>		--	--	--
<b>Total Equity</b>		<b>28.5</b>	<b>55.7</b>	<b>37.3</b>
<b>Total Liability &amp; Shareholders' Equity</b>		<b>28.5</b>	<b>57.0</b>	<b>39.7</b>
<b>Total Common Shares Outstanding</b>		<b>57.7</b>	<b>57.7</b>	<b>57.7</b>
<b>Total Preferred Stock Shares Outs.</b>		--	--	--

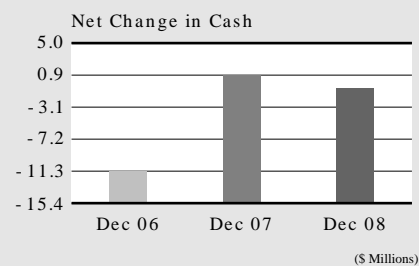
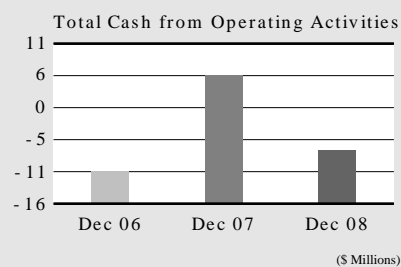
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# Annual Cash Flow Statement

	Type of Update	CLA	UPD	UPD
		(\$ Millions)	(\$ Millions)	(\$ Millions)
		12Months 31 Dec 06	12Months 31 Dec 07	12Months 31 Dec 08
Net Income/Starting Line		15.6	27.2	(18.4)
<b>Depreciation/Depletion</b>		<b>0.1</b>	<b>0.1</b>	<b>0.2</b>
<b>Amortization</b>		<b>--</b>	<b>--</b>	<b>--</b>
Deferred Taxes		--	--	--
<b>Non-Cash Items</b>		<b>(17.5)</b>	<b>(17.9)</b>	<b>20.0</b>
Cash Receipts		--	--	--
Cash Payments		--	--	--
Cash Taxes Paid		0.0	0.0	0.0
Cash Interest Paid		0.0	0.0	0.0
<b>Changes in Working Capital</b>		<b>(9.0)</b>	<b>(3.9)</b>	<b>(8.8)</b>
<b>Total Cash from Operating Activities</b>		<b>(10.8)</b>	<b>5.6</b>	<b>(7.0)</b>
<b>Capital Expenditures</b>		<b>--</b>	<b>--</b>	<b>--</b>
Other Investing Cash Flow Items, Total		(0.5)	(5.2)	4.7
<b>Total Cash from Investing Activities</b>		<b>(0.5)</b>	<b>(5.2)</b>	<b>4.7</b>
<b>Financing Cash Flow Items</b>		<b>--</b>	<b>--</b>	<b>--</b>
<b>Total Cash Dividends Paid</b>		<b>--</b>	<b>--</b>	<b>--</b>
<b>Insurance/Retirement of Stock, Net</b>		<b>--</b>	<b>--</b>	<b>--</b>
<b>Insurance/Retirement of Debt, Net</b>		<b>--</b>	<b>--</b>	<b>--</b>
<b>Total Cash from Financing Activities</b>		<b>--</b>	<b>--</b>	<b>--</b>
<b>Foreign Exchange Effects</b>		<b>0.1</b>	<b>0.6</b>	<b>1.5</b>
<b>Net Change in Cash</b>		<b>(11.3)</b>	<b>0.9</b>	<b>(0.8)</b>
Depreciation, Supplemental		0.1	0.1	0.2
Cash Interest Paid, Supplemental		0.0	0.0	0.0
Cash Taxes Paid, Supplemental		0.0	0.0	0.0

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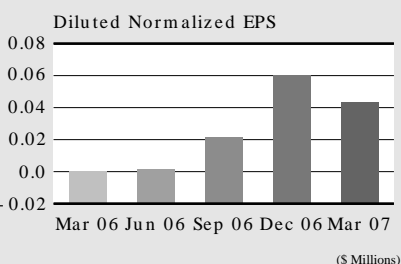
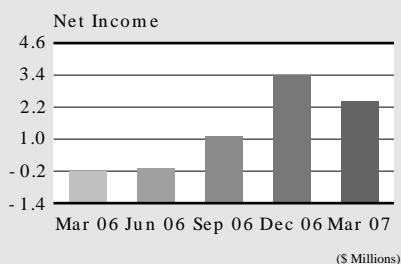
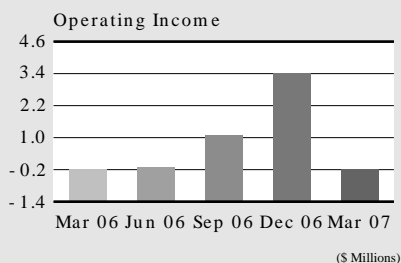
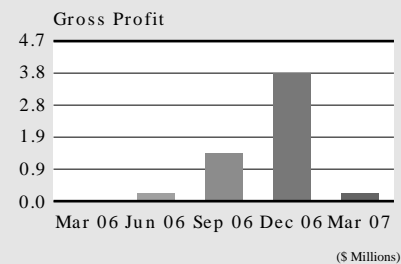
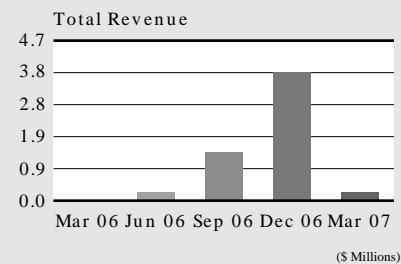




# Quarterly Income Statement

Type of Update	UPD		UPD		UPD	
	(\$ Millions) 3Months 31 Mar 06	(\$ Millions) 3Months 30 Jun 06	(\$ Millions) 3Months 30 Sep 06	(\$ Millions) 3Months 31 Dec 06	(\$ Millions) 3Months 31 Mar 07	
<b>Total Revenue</b>	0.0	0.2	1.4	3.8	0.2	
Cost of Revenue, Total	--	--	--	--	--	
<b>Gross Profit</b>	0.0	0.2	1.4	3.8	0.2	
<b>Selling/General/Admin. Expenses</b>	0.2	0.3	0.3	0.4	0.4	
Research & Development	--	--	--	--	--	
<b>Depreciation/Amortization</b>	--	--	--	--	--	
Interest Expense/Income Net Op.	--	--	--	--	--	
<b>Unusual Income/Expense</b>	--	--	--	0.0	--	
<b>Other Operating Expenses, Total</b>	--	--	--	0.0	--	
<b>Total Operating Expense</b>	0.2	0.3	0.3	0.4	0.4	
<b>Operating Income</b>	(0.2)	(0.1)	1.1	3.4	(0.2)	
Interest Expense/Income Net Non Op.	--	--	--	--	--	
Gain/(Loss) on Sale of Assets	--	--	0.0	--	--	
<b>Other, Net</b>	--	--	--	--	--	
<b>Income Before Tax</b>	(0.2)	(0.1)	1.1	3.4	2.4	
Income Tax - Total	0.0	0.0	0.0	0.0	0.0	
<b>Income After Tax</b>	(0.2)	(0.1)	1.1	3.4	2.4	
Minority Interest	--	--	--	--	--	
Equity In Affiliates	--	--	--	--	--	
U.S. GAAP Adjustment	--	--	--	--	--	
<b>Net Income Before Extra. Items</b>	(0.2)	(0.1)	1.1	3.4	2.4	
Accounting Change	--	--	--	--	--	
Discontinued Operations	--	--	--	--	--	
Extraordinary Item	--	--	--	--	--	
Tax on Extraordinary Items	--	--	--	--	--	
<b>Net Income</b>	(0.2)	(0.1)	1.1	3.4	2.4	
Preferred Dividends	--	--	--	--	--	
General Partner's Distributions	--	--	--	--	--	
<b>Inc. Avail. to Common Excl. Extra. Items</b>	(0.2)	(0.1)	1.1	3.4	2.4	
<b>Inc. Avail. to Common Incl. Extra. Items</b>	(0.2)	(0.1)	1.1	3.4	2.4	
Basic Weighted Average Shares	57.7	57.7	57.7	57.7	57.7	
<b>Basic EPS Excl. Extra. Items</b>	(0.003)	(0.001)	0.019	0.059	0.041	
<b>Basic EPS Incl. Extra. Items</b>	(0.003)	(0.001)	0.019	0.059	0.041	
Dilution Adjustment	0.000	0.000	0.000	0.000	0.000	
<b>Diluted Net Income</b>	(0.173)	(0.082)	1.093	3.385	2.380	
Diluted Weighted Average Shares	57.672	57.672	57.672	57.672	57.672	
<b>Diluted EPS Excl. Extra. Items</b>	(0.003)	(0.001)	0.019	0.059	0.041	
<b>Diluted EPS Incl. Extra. Items</b>	(0.003)	(0.001)	0.019	0.059	0.041	
Div's per Share - Common Stock	0.000	0.000	0.000	0.000	0.000	
Gross Dividends - Common Stock	0.000	0.000	0.000	0.000	0.000	
Interest Expense, Supplemental	--	--	--	--	--	
Interest Capitalized, Supplemental	--	--	--	--	--	
Depreciation, Supplemental	0.004	0.005	0.030	0.029	0.059	
<b>Total Special Items</b>	--	--	0.000	0.004	--	
<b>Normalized Income Before Tax</b>	(0.173)	(0.082)	1.093	3.389	2.380	
Effect of Special Items on Inc. Taxes	--	--	0.000	0.000	--	
<b>Inc. Taxes Excl. Impact Special Items</b>	--	--	--	--	--	
<b>Normalized Income After Tax</b>	(0.173)	(0.082)	1.093	3.389	2.380	
<b>Normalized Income Available to Common</b>	(0.173)	(0.082)	1.093	3.389	2.380	
Basic Normalized EPS	(0.003)	(0.001)	0.019	0.059	0.041	
Diluted Normalized EPS	(0.003)	(0.001)	0.019	0.059	0.041	

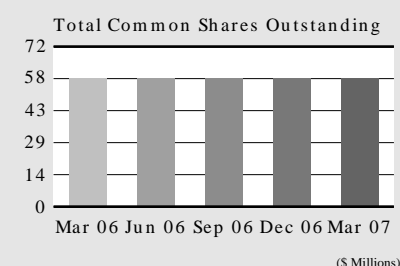
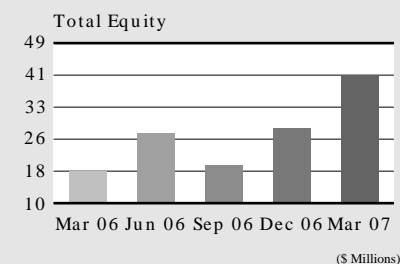
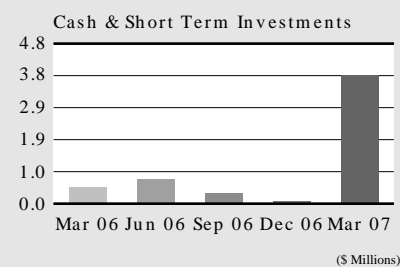
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Fiscal Period					



# Quarterly Balance Sheet

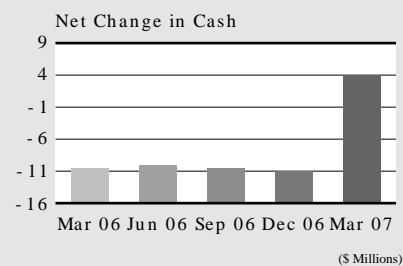
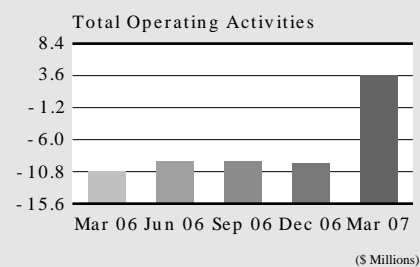
Type of Update	UPD	UPD	UPD	RES	UPD
	(\$ Millions)	(\$ Millions)	(\$ Millions)	(\$ Millions)	(\$ Millions)
	31 Mar 06	30 Jun 06	30 Sep 06	31 Dec 06	31 Mar 07
Cash	--	--	--	--	--
Cash and Equivalents	0.5	0.7	0.3	0.1	3.8
Short Term Investments	--	--	--	--	--
<b>Cash and Short Term Investments</b>	<b>0.5</b>	<b>0.7</b>	<b>0.3</b>	<b>0.1</b>	<b>3.8</b>
Accounts Receivable(Trade), Net	--	--	--	--	--
Notes Receivable - Short Term	--	--	--	--	--
Other Receivables	--	--	--	--	--
<b>Total Receivables, Net</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total Inventory</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Prepaid Expenses	0.0	0.1	0.1	0.1	0.0
Other Current Assets	--	--	--	--	--
<b>Total Current Assets</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Property/Plant/Equipment - Gross</b>	<b>--</b>	<b>--</b>	<b>0.4</b>	<b>--</b>	<b>0.5</b>
Accumulated Depreciation	--	--	(0.0)	--	(0.0)
<b>Property/Plant/Equip., Net</b>	<b>0.1</b>	<b>0.3</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>
<b>Goodwill, Net</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Intangibles, Net</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Long Term Investments</b>	<b>6.0</b>	<b>15.9</b>	<b>8.4</b>	<b>27.9</b>	<b>27.5</b>
Note Receivable - Long Term	11.2	9.6	9.9	--	9.3
<b>Other Long Term Assets, Total</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Other Assets, Total</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Assets</b>	<b>17.8</b>	<b>26.6</b>	<b>19.1</b>	<b>28.5</b>	<b>41.2</b>
Accounts Payable	--	--	--	--	--
Payable/Accrued	--	--	--	--	--
Accrued Expenses	0.0	0.0	0.0	0.1	0.1
Notes Payable/Short Term Debt	0.0	0.0	0.0	0.0	0.0
Current Port. LT Debt/Capital Leases	--	--	--	--	--
<b>Other Current Liabilities, Total</b>	<b>0.0</b>	<b>--</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Current Liabilities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Long Term Debt	--	--	--	--	--
Capital Lease Obligations	--	--	--	--	--
<b>Total Long Term Debt</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Debt</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Deferred Income Tax</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Minority Interest	--	--	--	--	--
<b>Other Liabilities, Total</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total Liabilities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
<b>Redeemable Preferred Stock</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Preferred Stock(Non Redeemable), Net</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Common Stock</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
Additional Paid-In Capital	13.1	13.1	13.1	13.1	13.1
Retained Earnings/Accum. Deficit	(0.8)	(0.9)	0.2	3.6	6.0
Treasury Stock - Common	--	--	--	--	--
ESOP Debt Guarantee	--	--	--	--	--
Unrealized Gain/Loss	--	--	--	11.7	--
<b>Other Equity, Total</b>	<b>5.4</b>	<b>14.3</b>	<b>5.7</b>	<b>--</b>	<b>22.0</b>
<b>Total Equity</b>	<b>17.8</b>	<b>26.6</b>	<b>19.0</b>	<b>28.5</b>	<b>41.1</b>
<b>Total Liability &amp; Shareholders' Equity</b>	<b>17.8</b>	<b>26.6</b>	<b>19.1</b>	<b>28.5</b>	<b>41.2</b>
<b>Total Common Shares Outstanding</b>	<b>57.7</b>	<b>57.7</b>	<b>57.7</b>	<b>57.7</b>	<b>57.7</b>
<b>Total Preferred Stock Shares Outs.</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

Source Document	1	2	3	4	1
Fiscal Period					



# Quarterly Cash Flow Statement

Type of Update	UPD	UPD	UPD	UPD	UPD
	(\$ Millions)	(\$ Millions)	(\$ Millions)	(\$ Millions)	(\$ Millions)
	3Months 31 Mar 06	6Months 30 Jun 06	9Months 30 Sep 06	12Months 31 Dec 06	3Months 31 Mar 07
Net Income/Starting Line	(0.2)	(0.3)	0.8	4.2	2.4
<b>Depreciation/Depletion</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>
<b>Amortization</b>	--	--	--	--	--
Deferred Taxes	--	--	--	--	--
<b>Non-Cash Items</b>	--	--	<b>(1.2)</b>	<b>(4.8)</b>	--
Cash Receipts	--	--	--	--	--
Cash Payments	--	--	--	--	--
Cash Taxes Paid	0.0	0.0	0.0	0.0	0.0
Cash Interest Paid	0.0	0.0	0.0	0.0	0.0
<b>Changes in Working Capital</b>	<b>(10.6)</b>	<b>(8.7)</b>	<b>(9.0)</b>	<b>(9.0)</b>	<b>1.2</b>
<b>Total Cash from Operating Activities</b>	<b>(10.8)</b>	<b>(9.0)</b>	<b>(9.3)</b>	<b>(9.5)</b>	<b>3.6</b>
<b>Capital Expenditures</b>	--	--	--	--	--
Other Investing Cash Flow Items, Total	(0.1)	(1.7)	(1.7)	(1.8)	0.0
<b>Total Cash from Investing Activities</b>	<b>(0.1)</b>	<b>(1.7)</b>	<b>(1.7)</b>	<b>(1.8)</b>	<b>0.0</b>
<b>Financing Cash Flow Items</b>	<b>0.0</b>	--	--	--	--
<b>Total Cash Dividends Paid</b>	--	--	--	--	--
<b>Insurance/Retirement of Stock, Net</b>	--	--	<b>0.0</b>	<b>0.0</b>	--
<b>Insurance/Retirement of Debt, Net</b>	--	--	--	--	--
<b>Total Cash from Financing Activities</b>	--	--	--	--	--
<b>Foreign Exchange Effects</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>
<b>Net Change in Cash</b>	<b>(10.8)</b>	<b>(10.6)</b>	<b>(11.0)</b>	<b>(11.3)</b>	<b>3.8</b>
Depreciation, Supplemental	0.0	0.0	0.0	0.1	0.1
Cash Interest Paid, Supplemental	0.0	0.0	0.0	0.0	0.0
Cash Taxes Paid, Supplemental	0.0	0.0	0.0	0.0	0.0
<b>Source Document</b>					
<b>Fiscal Period</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>1</b>



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Liang Liao	Chief Financial Officer
Yifang Li	Independent Director
Dengming Yun	Independent Director

**China Finance Inc** Group Headquarters: 111 Pavonia Avenue, Suite 615, Jersey City, NJ 07310, United States, (Director of Investor Relations)

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