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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in doubt** as to any aspect of this Prospectus or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant, or other professional adviser.

**If you have sold or transferred** all your shares in Finet Group Limited, you should at once hand this Prospectus together with the accompanying Assured Allotment Application Form to the purchaser(s) or transferees or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferees.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed "DOCUMENTS DELIVERED TO THE REGISTRARS OF COMPANIES" in Appendix III to this Prospectus, has been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance. The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of any of these documents.

Dealings in the securities of the Company may be settled through CCASS and you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Prospectus, 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 Prospectus.

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**財華社**  
**FINET**

**FINET GROUP LIMITED**

**財華社集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8317)**

### **OPEN OFFER ON THE BASIS OF ONE OFFER SHARE FOR EVERY EXISTING SHARE HELD ON THE RECORD DATE**

**Underwriter to the Open Offer**  
**Opulent Oriental International Limited**

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The latest time for acceptance and payment for the Offer Shares is 4:00 p.m. on Thursday, 19 November 2009 or such later time or date as may be agreed between the Company and the Underwriter. The procedures for acceptance and payment of the Offer Shares is set out on pages 11 to 12 of this Prospectus.

It should be noted that the Underwriting Agreement contains provisions which entitle the Underwriter to terminate the Underwriting Agreement by notice in writing given to the Company at any time prior to the Latest Time for Termination if there occurs any of the events set out under the section headed "Termination of the Underwriting Agreement" on page 15 of this Prospectus. If the Underwriter terminates the Underwriting Agreement, the Open Offer will not proceed.

Shareholders should note that the Shares have been dealt in on an ex-entitlement basis commencing from Friday, 23 October 2009 and that dealing in the Shares will take place while the conditions precedent to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in the Shares up to the date on which all conditions precedent to which the Open Offer is subject to are fulfilled (which is expected to be on Tuesday, 24 November 2009), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing the Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

4 November 2009

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## CHARACTERISTICS OF GEM

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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.

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## DEFINITIONS

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*In this Prospectus, unless the context otherwise requires, the following expressions have the following meanings:*

“acting in concert”	has the meanings ascribed to it in the Takeovers Code
“associate(s)”	has the same meanings ascribed to it in the GEM Listing Rules
“Assured Allotment Application Form(s)”	the form(s) of application in respect of the Open Offer to be issued to the Qualifying Shareholders
“Board”	the board of Directors
“Bonus Warrant(s)”	the warrant(s) issued by the Company on 3 August 2009 by way of capitalisation issue entitling the holder(s) thereof to subscribe, at any time between the date of issue and the date immediately preceding the date falling on the second anniversary of the date of issue of the Bonus Warrants (both dates inclusive), for an aggregate of 89,495,311 fully paid Shares at the initial subscription price of HK\$0.10 (subject to adjustments), which remain outstanding as at the Latest Practicable Date
“Business Day”	any day (other than a Saturday or Sunday) on which banks in Hong Kong are generally open for business
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular dated 14 October 2009 issued by the Company in relation to, among other things, the Open Offer, the Whitewash Waiver, the Share Consolidation, the change of board lot size and the Re-election of Director
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Finet Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“Concert Party Group”	Opulent and Dr. Yu, and the parties acting in concert with any of them
“controlling shareholder”	has the meanings ascribed to it in the GEM Listing Rules
“Director(s)”	director(s) of the Company

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## DEFINITIONS

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“Dr. Yu”	Dr. Yu Gang, George, the Chairman of the Company and an executive Director and the beneficial owner of the entire issued share capital of the Underwriter
“EGM”	the extraordinary general meeting of the Company held at Suite 505–506, 5th Floor, Low Block, Grand Millennium Plaza, 181 Queen’s Road Central, Hong Kong at 4:00 p.m. on Friday, 30 October 2009 at which resolutions were proposed to consider, and if thought fit, to approve, among others, the Open Offer and the Whitewash Waiver by the Independent Shareholders, the Share Consolidation and the Re-election of Director by the Shareholders
“Excluded Shareholder(s)”	the Overseas Shareholders whom the Directors, having made enquiry regarding the legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place, consider it necessary or expedient not to offer the Offer Shares to such Shareholders on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“First Open Offer”	the offer for subscription at the subscription price of HK\$0.05 per Share by the Company to the qualifying Shareholders in the proportion of one offer Share for every two existing Shares held on the record date by way of open offer, as set out in the announcement of the Company dated 5 May 2009 and the prospectus of the Company dated 9 July 2009
“First Open Offer Announcement”	the announcement of the Company dated 30 July 2009 in relation to the results of the First Open Offer
“GEM”	The Growth Enterprises Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Independent Shareholders”	Shareholders other than (i) the Concert Party Group; (ii) the independent non-executive Directors namely Dr. Lam Lee G. and Mr. Wu Tak Lung; and (iii) Shareholders who are involved in, or interested in the Underwriting Agreement, the Open Offer and/or the Whitewash Waiver
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with any director, chief executive or substantial shareholders of the Company and its subsidiaries or any of their respective associates
“Irrevocable Undertakings”	the Irrevocable Undertakings dated 22 September 2009 under which Dr. Yu has irrevocably undertaken to the Underwriter and the Company that he will not exercise his subscription rights attaching to 13,299,484 Share Options held by him from the date of such undertaking up to and including the Record Date
“Last Trading Date”	22 September 2009, being the last trading day which was immediately prior to the suspension of trading in the Shares on 23 September 2009 on GEM
“Latest Practicable Date”	2 November 2009, being the latest practicable date for ascertaining certain information contained in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 19 November 2009 or such other date or time as may be agreed by the Company and the Underwriter in writing, being the latest time for application of the Offer Shares
“Latest Time for Termination”	4:00 p.m. on the third Business Day after the Latest Time for Acceptance or such later time to be agreed in writing between the Company and the Underwriter, being the latest time for the Underwriter to terminate the Underwriting Agreement
“Offer Share(s)”	899,465,189 new Shares, to be offered to the Qualifying Shareholders for subscription on the terms and subject to the conditions set out in the Underwriting Agreement and in the Prospectus Documents
“Open Offer”	the offer for subscription at the Subscription Price by the Company to the Qualifying Shareholders in the proportion of one Offer Share for every existing Share held on the Record Date by way of open offer upon the terms and conditions mentioned herein and more particularly described in the Prospectus Documents
“Optionholders”	holders of the Share Options other than Dr. Yu

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## DEFINITIONS

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“Opulent” or “Underwriter”	Opulent Oriental International Limited, a company incorporated in the British Virgin Islands and the underwriter to the Open Offer. Opulent is wholly-owned by Dr. Yu, and is the controlling shareholder of the Company holding approximately 30.57% of the entire issued share capital of the Company as at the Latest Practicable Date
“Overseas Shareholders”	Shareholders with registered addresses (as shown in the register of members of the Company as at the close of business on the Record Date) which are outside Hong Kong
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus dated 4 November 2009 in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the Assured Allotment Application Form
“Prospectus Posting Date”	Wednesday, 4 November 2009, the date of despatch of the Prospectus Documents
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date, other than the Excluded Shareholders
“Record Date”	Friday, 30 October 2009
“Registrars”	Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the Hong Kong branch share registrars of the Company
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the existing share(s) of HK\$0.01 each in the share capital of the Company
“Share Options”	comprising options to subscribe for an aggregate of 21,201,742 Shares at the exercise prices ranging from HK\$0.1368 to HK\$0.6901 per Share (subject to adjustment) granted under the Share Option Schemes
“Share Option Schemes”	the share option schemes adopted by the Company on 23 July 2004 and 16 December 2004

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## DEFINITIONS

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“Shareholder(s)”	the holder(s) of the Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	subscription price of HK\$0.07 per Offer Share pursuant to the Open Offer
“Takeovers Code”	The Codes on Takeovers and Mergers
“Underwriting Agreement”	the conditional underwriting agreement dated 22 September 2009 entered into between the Company and the Underwriter in relation to the Open Offer
“Underwritten Shares”	624,459,005 Offer Shares, being all Offer Shares (including the Offer Shares to which the Excluded Shareholder(s) would otherwise have been entitled) to be issued pursuant to the Open Offer less those Offer Shares which Opulent has undertaken to take up under the Open Offer
“Vested Share Options”	Share Options to subscribe for an aggregate of 20,763,032 which are exercisable by the holders thereof on or before the Record Date
“Whitewash Waiver”	a waiver from the Executive pursuant to note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Underwriter to make a mandatory offer for all the securities of the Company not already owned by the Concert Party Group which would otherwise arise as a result of the Underwriter taking up of the Underwritten Shares under the Open Offer
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	renminbi, the lawful currency of PRC
“%”	per cent.



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## EXPECTED TIMETABLE

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2009

Latest Time for Acceptance and payment for the Offer Shares . . . . .	4:00 p.m. on Thursday, 19 November
The Underwriting Agreement becomes unconditional . . . . .	4:00 p.m. on Tuesday, 24 November
Announcement of results of the Open Offer to be published . . . . .	Not later than 11:00 p.m. Tuesday, 24 November
Certificates for the Offer Shares expected to be despatched on or before . . . . .	Thursday, 26 November
Dealings in the Offer Shares commence . . . . .	Monday, 30 November

### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE OFFER SHARES**

All times in this Prospectus refer to Hong Kong time. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on Thursday, 19 November 2009:

- (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance will be postponed to 5:00 p.m. on the same Business Day; or
- (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be postponed to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

Under such circumstances, the dates mentioned in the expected timetable above (including, without limitation, the Latest Time for Termination) may be affected.

Dates or deadlines stated in this Prospectus for events in the timetable are indicative only and may be extended or varied between the Company and the Underwriter. Any changes to the expected timetable for the Open Offer will be announced as appropriate.



財華社  
FINET

**FINET GROUP LIMITED**

**財華社集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8317)**

*Executive Directors:*

Yu Gang, George (*Chairman*)

Lin Peng, Ben

*Independent non-executive Directors:*

Lam Lee G.

Wu Tak Lung

Lam Ka Wai, Graham

*Registered office:*

Cricket Square,  
Hutchins Drive, PO Box 2681,  
Grand Cayman KY1-1111,  
Cayman Islands

*Head office and Principal Place of  
Business in Hong Kong:*

Suite 505–506, 5th Floor,  
Low Block, Grand Millennium Plaza,  
181 Queen's Road Central,  
Hong Kong

4 November 2009

*To the Shareholders and, for information only, the Optionholders*

Dear Sir or Madam,

**OPEN OFFER ON THE BASIS OF ONE OFFER SHARE FOR  
EVERY EXISTING SHARE HELD ON THE RECORD DATE**

**INTRODUCTION**

The Company announced on 25 September 2009 that it proposed to raise not less than approximately HK\$63.0 million and not more than approximately HK\$69.7 million before expenses in the Open Offer on the basis of one Offer Share for every existing Share held on the Record Date.

A copy of the Circular is available for inspection at such place and times as set out in the paragraph headed “DOCUMENTS AVAILABLE FOR INSPECTION” in Appendix III to this Prospectus.

As at the Record Date, the total number of issued Shares was 899,465,189 Shares. Accordingly, a total of 899,465,189 Offer Shares are expected to be issued and allotted by the Company under the Open Offer.

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## LETTER FROM THE BOARD

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At the EGM, the resolutions in respect of the Open Offer and the Whitewash Waiver were duly approved by the Independent Shareholders by way of poll. The resolutions in respect of the share consolidation and re-election of Director were also duly approved by the Shareholders.

The Whitewash Waiver has been granted by the Executive subject to, among other things, the Open Offer and the Whitewash Waiver being approved by the Independent Shareholders at the EGM.

This Prospectus sets out further information on, among other things, the Open Offer, including information on dealings in and transfers and acceptances of the Offer Shares and certain financial and other information in respect of the Group.

### OPEN OFFER

#### Issue statistics

Basis of the Open Offer	:	One Offer Share for every existing Share held on the Record Date and payable in full upon application
Number of Shares in issue as at Record Date	:	899,465,189 Shares
Number of Shares in issue as at Latest Practicable Date	:	899,465,189 Shares
Number of Offer Shares	:	899,465,189 Offer Shares
Subscription Price	:	HK\$0.07 per Offer Share payable in full upon application
Number of Shares in issue upon completion of the Open Offer	:	1,798,930,378 Shares

As at the Latest Practicable Date, the Company has:

- (i) Share Options entitling the holders thereof to subscribe for an aggregate of 21,201,742 Shares, of which Vested Share Options to subscribe for an aggregate of 20,763,032 Shares at the exercise prices ranging from HK\$0.1368 to HK\$0.6091 per Share (subject to adjustments). The Vested Share Options consist of (i) Vested Share Options granted to Dr. Yu to subscribe for an aggregate of 13,299,484 Shares; (ii) Vested Share Options granted to the independent non-executive Directors to subscribe for an aggregate of 2,193,548 Shares; and (iii) Vested Share Options granted to employees of the Company to subscribe for an aggregate of 5,270,000 Shares; and

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## LETTER FROM THE BOARD

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- (ii) Bonus Warrants entitling the holders thereof to subscribe for an aggregate of 89,495,311 Shares at the initial subscription price of HK\$0.10 (subject to adjustments).

Save for the Share Options and the Bonus Warrant the Company has no other outstanding options, warrants, derivatives or convertible securities in issue which confer any rights to subscribe for, convert or exchange into the Shares as at the Latest Practicable Date.

### **Subscription Price**

The Subscription Price of HK\$0.07 per Offer Share is payable in full upon application of the relevant assured allotment of Offer Shares under the Open Offer. The Subscription Price represents:

- (i) a discount of approximately 22.22% to the closing price per Share of HK\$0.090 as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 20.45% to the average of the closing prices per Share of approximately HK\$0.088 for the last 5 trading days as quoted on the Stock Exchange up to and including the Last Trading Date;
- (iii) a discount of approximately 21.35% to the average of the closing prices per Share of approximately HK\$0.089 for the last 10 trading days as quoted on the Stock Exchange up to and including the Last Trading Date;
- (iv) a discount of approximately 12.50% to the theoretical ex-entitlement price of approximately HK\$0.080 per Share calculated based on the closing price per Share of HK\$0.090 as quoted on the Stock Exchange on the Last Trading Date; and
- (v) a premium of approximately 1.45% to the closing price per Share of HK\$0.069 as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was determined after negotiations between the Company and the Underwriter with reference to the current market price of the Shares. The Company believes that the terms of the Underwriting Agreement are in aggregate no less favourable to the Company than terms available from other alternative financing resources.

### **Basis of assured allotment**

The basis of the assured allotment shall be one Offer Share for every existing Share held by the Qualifying Shareholders on the Record Date. Application for all or any part of a Qualifying Shareholder's assured allotment should be made by completing the Assured Allotment Application Form and lodging the same with the remittance for the Offer Shares being applied for.

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## LETTER FROM THE BOARD

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### **Fractions of the Offer Shares**

On the basis of the assured allotment of one Offer Share for every existing Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Offer Shares will arise under the Open Offer.

### **Application for listing**

The Company has applied to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Offer Shares.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangement and how such arrangements will affect their rights and interests.

No part of the share capital of the Company is listed or dealt in or of which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Dealings in the Offer Shares in board lots of 10,000, which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty in Hong Kong.

### **Qualifying Shareholders**

To qualify for the Open Offer, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and must be a Qualifying Shareholder.

### **Closure of register of members**

The register of members of the Company was closed from Wednesday, 28 October 2009 to Friday, 30 October 2009, both dates inclusive. No transfer of Shares has been registered during the book closure period.

### **Certificates of the Offer Shares**

Subject to the fulfillment of the conditions of the Open Offer, share certificates for the Offer Shares are expected to be posted by Thursday, 26 November 2009 to those Shareholders entitled thereto by ordinary post at their own risks.

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## LETTER FROM THE BOARD

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### **Rights of Excluded Shareholders**

As at the Record Date, the Company had three Overseas Shareholders with registered addresses in the United Kingdom and the United States. Pursuant to Rule 17.41(1) of the GEM Listing Rules, the Company has made enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders.

Based on the legal opinion provided by the United Kingdom legal advisers, under United Kingdom Law, the Open Offer, which entitle the holders to subscribe for Shares, would amount to an offer of shares to the public in the United Kingdom. Subject to certain exceptions, it is unlawful for shares to be offered to the public in the United Kingdom unless a prospectus containing prescribed information has been made available to the public in the United Kingdom before the offer is made. After taking into consideration the advice of the United Kingdom legal advisers, the Directors have decided to extend the Open Offer to the Overseas Shareholders with registered addresses in the United Kingdom, as the Open Offer come within one of the exemptions from the requirement to produce a prospectus when shares are offered to the public in the United Kingdom. Accordingly, Overseas Shareholders with registered addresses in the United Kingdom are considered to be Qualified Shareholders.

Based on the legal opinion provided by the United States legal advisors, in general, a Hong Kong listed issuer would be permitted to make an open offer of shares to its shareholders based in the United States subject to compliance with applicable United States federal securities laws and the securities laws of the various states in which its shareholders are resident. However, under United States federal securities laws there are registration requirements and related disclosure requirements. Furthermore, if the Open Offer was extended to Shareholders resident in the United States, the Open Offer would also be subject to federal and state anti-fraud and related rules that affect disclosures to Shareholders resident in the United States.

After taking into consideration the advice of the United States legal advisors, the Directors consider it necessary and expedient not to extend the Open Offer to the Overseas Shareholders with registered addressed in the United States as a result of the legal restrictions and the requirements of the relevant regulatory body in this place. Accordingly, the Overseas Shareholders with registered addresses in the United States are considered to be Excluded Shareholders.

### **PROCEDURES FOR APPLICATION AND PAYMENTS**

The procedures regarding application for the Offer Shares are set out below:

#### **Application for the Offer Shares**

An Assured Allotment Application Form is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Offer Shares shown therein. If the Qualifying Shareholders wish to apply for all the Offer Shares based on their assured allotment of the Offer Shares as specified in the Assured Allotment Application Form, they must lodge the Assured

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## LETTER FROM THE BOARD

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Allotment Application Form in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance (round down to the nearest HK\$0.01), with the Registrars, by no later than 4:00 p.m. on Thursday, 19 November 2009. All remittances must be made in Hong Kong dollars and cheques or cashier orders must be drawn on a bank account in Hong Kong and made payable to “Finet Group Limited — Open Offer” and crossed “Account Payee Only”. It should be noted that unless the Assured Allotment Application Form, together with the appropriate remittance, has been lodged with the Registrars by 4:00 p.m. on Thursday, 19 November 2009, all rights and entitlements under the Assured Allotment Application Form will be deemed to have been declined and will be cancelled. The Assured Allotment Application Form is for use only by the person(s) named therein and is not transferable.

The Assured Allotment Application Form contains further information regarding the procedures to be followed if Qualifying Shareholders wish to apply for the whole or part of their assured allotment of the Offer Shares.

All cheques or cashier orders will be presented for payment following receipt and all interest earned on such moneys will be retained for the benefit of the Company. Any Assured Allotment Application Form in respect of which the cheque or cashier order is dishonoured on first presentation is liable to be rejected, and in that event the assured allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

The Company reserves the right to refuse to accept any application for the Offer Shares where it believes that in doing so would violate the applicable securities legislations or other laws or regulations of any jurisdiction. No application for the Offer Shares will be accepted from any person who is an Excluded Shareholder.

If the conditions of the Underwriting Agreement are not fulfilled and/or the Underwriting Agreement is terminated in accordance with its terms, the monies received in respect of acceptance of Offer Shares will be returned to the Qualifying Shareholders or, in case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post to the respective addresses specified in the register of members of the Company at their own risk on or before Thursday, 26 November 2009.

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement or if the conditions of the Open Offer are not fulfilled, the monies received in respect of acceptance of Offer Shares will be returned to the Qualifying Shareholders or, in case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post to the respective addresses specified in the register of members of the Company at their own risk on or before Thursday, 26 November 2009.



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## LETTER FROM THE BOARD

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### UNDERWRITING ARRANGEMENT AND UNDERTAKINGS

#### The Underwriting Agreement

- Date : 22 September 2009
- Underwriter : Opulent. Opulent is the controlling shareholder of the Company holding an aggregate of 275,006,184 Shares (representing approximately 30.57% of the issued share capital of the Company) as at the Latest Practicable Date. Opulent is an investment holding company whose ordinary course of business does not involve underwriting of securities and is wholly-owned by Dr. Yu.
- Number of Underwritten Shares : Not less than 624,459,005 Offer Shares and not more than 693,914,246 Offer Shares (being all Offer Shares (including the Offer Shares to which the Excluded Shareholder(s) would otherwise have been entitled) to be issued pursuant to the Open Offer less those Offer Shares which Opulent has undertaken to take up).
- Commission : An underwriting commission of 1.5% of the aggregate Subscription Price of up to 693,917,246 Offer Shares to be subscribed by Opulent will be payable by the Company to Opulent.

The Directors consider that the terms of the Underwriting Agreement are fair and reasonable.

#### Undertakings from Opulent

As at the Latest Practicable Date, Opulent was interested in 275,006,184 Shares, representing approximately 30.57% of the existing issued share capital of the Company. On 22 September 2009, Opulent has irrevocably undertaken to the Company, among other things, that it will not dispose of the 275,006,184 Shares beneficially owned by it from the date of the undertaking up to the Latest Time for Acceptance, and that it will accept or procure to accept its assured allotments of 275,006,184 Offer Shares under the Open Offer in respect of the 275,006,184 Shares held by it as at the date of the Underwriting Agreement.

#### Undertakings from Dr. Yu

As at the Latest Practicable Date, Dr. Yu did not hold any Shares (save for the 275,006,184 Shares held through Opulent) but held 13,299,484 Share Options. Pursuant to the Irrevocable Undertakings, Dr. Yu has irrevocably undertaken to the Company and the



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## LETTER FROM THE BOARD

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Underwriter that he will not exercise his 13,299,484 Share Options and that such Share Options will remain registered in the name of and beneficially owned by him from the date of the undertaking up to and including the Record Date.

### Conditions of the Open Offer

The Open Offer is conditional, among other things, on each of the following conditions being fulfilled:

- (i) the passing of ordinary resolutions by the Independent Shareholders approving the Open Offer and the Whitewash Waiver at the EGM by way of poll;
- (ii) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
- (iii) the delivery by or on behalf of the Company not later than the Prospectus Posting Date of one copy of each of the Prospectus Documents, duly signed by or on behalf of any two Directors together with any requisite accompanying documents, to the Stock Exchange and the Registrars of Companies in Hong Kong for filing and registration in accordance with the provisions of the Companies Ordinances;
- (iv) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) listing of and permission to deal in all the Offer Shares and not having withdrawn or revoked such listings and permission;
- (v) the posting of the Prospectus Documents to Qualifying Shareholders and of the Prospectus, for information purposes only, to the Excluded Shareholders;
- (vi) compliance with and performance of all the undertakings and obligations of the Company as provided in the Underwriting Agreement; and
- (vii) the obligations of the Underwriter not being terminated by the Underwriter in accordance with the terms of the Underwriting Agreement.

Save for condition (vi) which may be waived by the Underwriter in whole or in part, none of the conditions above can be waived. If the conditions of the Open Offer are not satisfied and/or waived (in respect of condition (vi) only) in whole or in part by the Underwriter by the Latest Time for Termination or such later date or dates as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall terminate and (except in respect of any reasonable legal fees or other reasonably out-of-pocket expenses, if any, of the Underwriter, or the indemnity given to the Underwriter and any rights or obligations which may accrue under the Underwriting Agreement prior to such termination) no party will have any claim against the other party for costs, damages, compensation or otherwise.

If the Underwriting Agreement terminates in accordance with its terms, the Open Offer will not proceed. The Irrevocable Undertakings as described above will lapse.

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As at the Latest Practicable Date, conditions (i) and (ii) have been fulfilled.

### **Termination of the Underwriting Agreement**

The Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement if prior to the Latest Time for Termination:

- (i) in the reasonable opinion of the Underwriter acting in good faith, the success of the Open Offer would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - (b) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof, of a political, financial, economic, currency, market or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - (c) any material adverse change in the business or in the financial or trading position or prospectus of the Group as a whole; or
  - (d) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - (e) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
  - (f) the commencement by any third party of any litigation or claim against any company in the Group which is or might be material to the Group taken as a whole; or
- (ii) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions on Hong Kong, the PRC or other jurisdiction relevant to any company in the Group and a change in currency conditions includes a change in the system under

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## LETTER FROM THE BOARD

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which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which makes it inexpedient or inadvisable to proceed with the Open Offer; or

- (iii) the Circular or the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which is material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to accept the Offer Shares to be allotted to it.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (i) any material breach of any of the warranties or undertakings contained in the relevant clause in the Underwriting Agreement comes to the knowledge of the Underwriter and such material breach materially and adversely affects the success of the Open Offer; or
- (ii) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the relevant clause in the Underwriting Agreement untrue or incorrect in any material respect comes to the knowledge of the Underwriter and such event materially and adversely affects the success of the Open Offer.

**If the Underwriter exercises such right, the Open Offer will not proceed.**

### **WARNING OF THE RISKS OF DEALING IN THE SHARES**

**The Open Offer is conditional, inter alia, upon the fulfillment of the conditions set out in the section headed “Conditions of the Open Offer”. In particular, the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof as set out in the paragraph headed “Termination of the Underwriting Agreement”. Accordingly, the Open Offer may or may not proceed.**

**Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

### **RISK FACTORS**

In compliance with the GEM Listing Rules, the Company sets out below the risk factors of the Group for the Shareholders’ and prospective investors’ attention. The Directors believe that there are certain risks involved in the Group’s operations. They can

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## LETTER FROM THE BOARD

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be categorised into: (i) business risk relating to the Group; (ii) financial risk relating to the Group; (iii) risks relating to the PRC; and (iv) risks relating to the Shares prices and Shareholders' shareholding. Additional risks and uncertainties not presently known to the Directors, or not expressed or implied below, or that the Directors currently deem immaterial, may also adversely affect the Group's business, operating results and financial condition in a material respect.

### **Business risk relating to the Group**

- (a) The global financial tsunami occurred in the second half of 2008 has affected the demand of the financial information services by financial institutions and the general public in Hong Kong and the PRC, thus, in turn, this may affect the profitability of the Group.
- (b) The operating environment of the online game industry is changing rapidly. In order to maintain our profitability and financial and operational success, we must continuously develop or license new online games that are attractive to players, make updates to the existing games that appeal to players and enhance the technical and artistic features of all of our games. The success of online games largely depends on our ability to anticipate and respond effectively to the ever changing customer preferences and demand. Developing games requires substantial investments prior to their launch and significant commitments of future resources afterwards to sustain their growth, and licensing games may incur substantial costs before official operations. There is no assurance that the games we develop or license will be attractive to players, will be viewed by the regulatory authorities as complying with content restrictions, will be launched as scheduled or will be able to compete with games operated by our competitors. If we are not able to consistently develop or license online games and enhance existing games successfully, our future profitability and growth prospects will decline.

### **Financial risk relating to the Group**

#### ***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 program 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*

The Group has no significant transactional currency exposures. 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.

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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. The Group is exposed to equity price risk arising from individual equity investment classified as available-for-sale financial assets. The Group's listed investment is listed on the Osaka Securities Exchange in Japan and is valued at quoted market prices at the balance sheet date.

(iii) Cash flow and fair value interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with floating interest rates.

The Group's policy to manage its interest rate risk is to reduce or maintain its current level of interest-bearing borrowings. As the Group does not expect to significantly increase its level of interest-bearing borrowings, it has not used any interest rate swaps to hedge its exposure to interest rate risk.

(b) Credit risk

The Group reviews the recoverability of its trade receivables 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.

(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.

### **Risk relating to the PRC**

#### *(a) Geographic*

The Group's major operations spread over the mainland China. Each of the operations and its business growth is subject to respective economic growth and policy and regulations. Therefore, the turnover and profit contributions from each operation of the Group might be affected by different geographical factors and it is not guaranteed that the current contributions from each operation in different provinces will continue in the future.

#### *(b) Economic*

The global financial tsunami occurred in the second half of 2008. Together with the expected slowdown of economic growth in China, the national demand on the financial information services might be reduced and the pressure on the pricing strategy of the Group might be increased and thus in turn might adversely affect the profitability of the Group.

Since the fourth quarter of 2008, the PRC government has introduced a series of massive fiscal stimulus packages to maintain the national economic growth. However, it is not guaranteed that such measures could yield any immediate effect. The speed and magnitude of economic recovery in the PRC is limited by the speed and magnitude of global economic recovery as well. The Group's profitability and future growth may be adversely affected by these global economic downturn and continued economic recession.

### **Risks relating to the Share price and Shareholders' Shareholdings**

#### *(a) The Share price may be volatile*

The price and trading volume of the Share will be determined in the market place and may be highly volatile. Factors such as variations in the Group's revenue, earnings and cash flows, changes in or challenges to its business, announcements of new investments or acquisitions, the depth and liquidity of the market for the Shares, investors' perceptions of the Group and general political, economic, social and market conditions both globally and in the PRC or Hong Kong could cause the market price of the Shares to change substantially.

#### *(b) Shareholders' shareholding may be diluted as a result of future equity fundraising*

The Group may need to raise additional funds in the future to finance its expansion or for other reasons. If additional funds are raised through the issuance by the Company of new equity or equity-linked securities other than on a pro-rata basis to existing shareholders, the percentage ownership of individual shareholders will decline. Any such new securities may have preferential rights or options that favour their holders over holders of the Shares, to the extent permitted by law, exchange rules and the Company's constitutive documents.

## LETTER FROM THE BOARD

### SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company immediately before and after completion of the Open Offer is set out below:

Shareholders	As at the Latest Practicable Date		Upon completion of the Open Offer			
	Number of Shares	Approximate %	Assume nil subscription by the Qualifying Shareholders		Assume 100% subscription by the Qualifying Shareholders	
			Number of Shares	Approximate %	Number of Shares	Approximate %
Opulent	275,006,184	30.57	1,174,471,373	65.29	550,012,368	30.57
<b>Total holdings of Concert Party Group (Note)</b>	<b>275,006,184</b>	<b>30.57</b>	<b>1,174,471,373</b>	<b>65.29</b>	<b>550,012,368</b>	<b>30.57</b>
Public Shareholders	624,459,005	69.43	624,459,005	34.71	1,248,918,010	69.43
<b>Total</b>	<b>899,465,189</b>	<b>100.00</b>	<b>1,798,930,378</b>	<b>100.00</b>	<b>1,798,930,378</b>	<b>100.00</b>

*Note:* Dr. Yu, being a party acting in concert with the Underwriter, did not hold any Shares as at the Latest Practicable Date.

Saved for the Shares held by the Underwriter as set out above and the Share Options held by Dr. Yu as disclosed in the paragraph headed “Undertakings from Dr. Yu”, the Concert Party Group had no other shares, warrants, securities carrying conversion or subscription rights into any of the Shares and options and derivatives in respect of any of the Shares as at the Latest Practicable Date.

### PREVIOUS FUND RAISING EXERCISES OF THE COMPANY

Date of announcement	Transaction	Net proceeds raised	Intended use of proceeds	Actual use of proceeds
5 May 2009	Open offer and bonus issue of warrants of 299,685,000 new Shares and 89,905,500 Bonus Warrants on a fully underwritten basis	HK\$12.8 million	General working capital of the Group	Used as intended

Save as disclosed above, the Company has not conducted any other fund raising exercises in the past twelve months preceding the Latest Practicable Date.

### REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Company will raise not less than approximately HK\$63.0 million and not more than approximately HK\$69.7 million before expenses in the Open Offer. Based on 899,465,189 Offer Shares, the estimated net proceeds from the Open Offer will be approximately HK\$61.5 million (net of expenses of approximately HK\$1.5 million comprising professional fees directly attributable to the Open Offer to be borne by the Company). The Company intends to use the net proceeds for general working capital to



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## LETTER FROM THE BOARD

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grow the Group's two core business lines, particularly the online game business in the Mainland China, and for investment in new business should any opportunities arise in the future.

As set out in the First Open Offer Results Announcement, the First Open Offer received overwhelming support from the Shareholders. A total of 3,223,255,472 Shares offered under the First Open Offer were applied for under the assured allotment application forms and the excess application forms, representing approximately 1,076% of the total number of 299,685,000 Shares offered under the First Open Offer. However, the amount raised by the First Open Offer was relatively modest in view of the then prevailing market condition. Notwithstanding the overwhelming support of the Shareholders, the Company could not capitalise on it as it was not possible to increase the Shares to be offered under the First Open Offer.

In view of the improved market conditions over the last few months and the overwhelming support of the Shareholders, the Board believes that there is a need and still a window of opportunity to further strengthen the Company's capital base by tapping additional funding from the Shareholders.

### **ADJUSTMENTS TO EXERCISE PRICES AND NUMBER OF SHARE OPTIONS AND THE SUBSCRIPTION PRICE OF BONUS WARRANTS**

Adjustments to (a) the exercise prices and numbers of the outstanding Share Options; and (b) the subscription price of the Bonus Warrants, may be required under the relevant terms of the Share Option Schemes and the Bonus Warrant, respectively. The auditors of the Company will be appointed to certify the necessary adjustments, if any, to the exercise prices and numbers of the outstanding Share Options. Further announcement will be made by the Company in this regard.

### **IMPLICATIONS UNDER THE TAKEOVERS CODE AND THE WHITEWASH WAIVER**

Opulent is wholly-owned by Dr. Yu, and is the controlling shareholder of the Company holding an aggregate of 275,006,184 Shares, representing approximately 30.57% of the number of Shares in issue as at the Latest Practicable Date. Opulent is also beneficially interested in the Bonus Warrants entitling it to subscribe for an aggregate of 27,500,618 Shares. In addition, Dr. Yu is entitled to Vested Share Options to subscribe for an aggregate of 13,299,484 Shares.

As set out in the paragraph headed "Underwriting Arrangement and Undertakings", Opulent has irrevocably undertaken to the Company to subscribe in full for its assured allotments of the Offer Shares (including such number of Offer Shares in respect of any Shares which may be issued to it as a result of the exercise of the Bonus Warrants held by it from the date of the Underwriting Agreement up to and including the Record Date) under the Open Offer and those Offer Shares not having been subscribed for by the Qualifying Shareholders. Dr. Yu has irrevocably undertaken to the Underwriter and the Company,



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## LETTER FROM THE BOARD

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among other things, that he will not exercise his Vested Share Options to subscribe for an aggregate of 13,299,484 Shares from the date of the Irrevocable Undertakings up to and including the Record Date.

In the event that none of the Qualifying Shareholders (other than Opulent) takes up any Offer Shares upon completion of the Open Offer, the Underwriter will be required to take up all the Offer Shares that are not subscribed for under the Open Offer. Accordingly, the total number of Shares as held by the Concert Party Group will be increased from 275,006,184 Shares (representing approximately 30.57% of the total number of Shares in issue as at the Latest Practicable Date) to 1,174,471,373 Shares (representing approximately 65.29% of the total number of Shares in issue as enlarged by the Open Offer).

Accordingly, the taking up of the Underwritten Shares by Opulent will trigger an obligation on the part of Opulent to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares not already owned by or agreed to be acquired by the Concert Party Group.

In the event that (a) the Concert Party Group holds not less than 30% but not more than 50% of the total number of Shares in issue upon completion of the Open Offer; and (b) the subsequent exercise of the subscription rights attaching to the Bonus Warrants by Opulent results in an increase in the Concert Party Group's shareholdings in the Company by more than 2% from its lowest percentage holding in the 12-month period ending on the date of such exercise, Opulent would be obliged under Rule 26.1 of the Takeovers Code to make an unconditional cash offer to acquire all the Shares other than those already owned by or agreed to be acquired by the Concert Party Group.

An application has been made by the Underwriter to the Executive for the Whitewash Waiver in connection with the underwriting of the Open Offer by the Underwriter in the above circumstances pursuant to note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code. The Executive has agreed that subject to the approval of the Independent Shareholders successfully obtained at the EGM by way of poll, any obligations of the Underwriter to make a general offer which might result from the subscription of the Underwritten Shares are waived.

It is one of the conditions of the Underwriting Agreement that the Whitewash Waiver be granted by the Executive and approved by the Independent Shareholders at the EGM by way of poll. The Whitewash Waiver has been approved by the Independent Shareholders at the EGM.

**Should the Underwriter, Dr. Yu and parties acting in concert with any of them hold more than 50% of the voting rights of the Company upon completion of the Open Offer, they may further increase their shareholding in the Company without incurring any further obligation under Rule 26 of the Takeovers Code to make a general offer.**

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## LETTER FROM THE BOARD

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### INFORMATION ON THE GROUP

The Group is principally engaging in the development, production and provision of financial information services and technology solutions to corporate clients and retail investors in Greater China and to develop and operate online games in Mainland China.

### INTENTION OF THE UNDERWRITER

It is the intention of the Underwriter that the Group will continue its current business. The Underwriter has no intention to make any major changes to the business or continued employment of the employees of the Group or to redeploy the fixed assets of the Group.

Opulent has decided to support the Open Offer by acting as the Underwriter to the Open Offer as it believes that the Open Offer would strengthen the Group's financial position and enlarge its capital base. This would in turn enhance the value of the investments of the Underwriter in the Group in the long run.

### FURTHER INFORMATION

Your attention is drawn to the financial and general information set out in the appendices to this Prospectus.

Yours faithfully,  
For and on behalf of the Board of  
**Finet Group Limited**  
**Yu Gang, George**  
*Chairman*

## 1. FINANCIAL SUMMARY AND AUDITORS' REPORTS

A summary of the published results, assets and liabilities of the Group for the three years ended 31 March 2007, 2008 and 2009 as extracted from the respective annual reports of the Company is set out below. No qualified opinion has been expressed by the auditors of the Company on the audited financial statements for each of the years ended 31 March 2007, 2008 and 2009.

	For the year ended 31 March		
	2009	2008	2007
	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>	33,088	35,829	32,127
Cost of sales	(10,140)	(10,031)	(11,669)
<b>Gross profit</b>	22,948	25,798	20,458
Other income and gains	37,443	33,284	2,859
Development costs	(6,375)	(5,058)	—
Selling and marketing expenses	(4,493)	(6,143)	(380)
General and administrative expenses	(45,118)	(38,395)	(24,939)
Other operating expenses	(66,722)	(5,231)	(330)
Finance costs	(332)	(817)	(257)
Share of loss of associates	(5)	(153)	—
<b>(Loss)/Profit before income tax</b>	(62,654)	3,285	(2,589)
Income tax expense	(88)	—	—
<b>(Loss)/Profit for the year</b>	<u>(62,742)</u>	<u>3,285</u>	<u>(2,589)</u>
<b>Attributable to:</b>			
Equity holders of the Company	(62,309)	5,519	(2,589)
Minority interests	(433)	(2,234)	—
	<u>(62,742)</u>	<u>3,285</u>	<u>(2,589)</u>
<b>(Loss)/Earnings per share for (loss)/profit attributable to the equity holders of the Company during the year</b>			
— Basic ( <i>in HK cent</i> )	<u>(10.40)</u>	<u>0.98</u>	<u>(0.50)</u>
— Diluted ( <i>in HK cent</i> )	<u>(10.40)</u>	<u>0.91</u>	<u>(0.50)</u>

There were no extraordinary or exceptional items for the three years ended 31 March 2007, 2008 and 2009.

Information regarding rates of dividend paid or proposed on each class of shares and amounts absorbed thereby has not been disclosed as no dividends were paid or proposed in respect of the three years ended 31 March 2007, 2008 and 2009.

	As at 31 March		
	2009	2008	2007
	HK\$'000	HK\$'000	HK\$'000
<b>Non-current assets</b>			
Leasehold land and land use rights	—	—	2,444
Property, plant and equipment	12,168	10,374	15,217
Investment properties	14,000	17,155	—
Property under development	—	8,524	—
Intangible assets	27,006	70,339	—
Investments in associates	—	80	—
Available-for-sale financial assets	580	1,098	2,165
	<u>53,754</u>	<u>107,570</u>	<u>19,826</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	—	3,056	22
Accounts receivable	1,661	3,888	2,313
Prepayments, deposits and other receivables	4,751	7,000	4,206
Cash and cash equivalents	7,444	7,556	37,036
	<u>13,856</u>	<u>21,500</u>	<u>43,577</u>
<b>Total assets</b>	<u>67,610</u>	<u>129,070</u>	<u>63,403</u>
<b>Current liabilities</b>			
Accounts payable	2,033	1,955	1,987
Accruals and other payables	3,540	5,196	1,473
Deferred income	4,471	4,534	1,055
Financial liabilities at fair value through profit or loss	—	—	18
Finance lease payables — due within one year	533	—	—
Bank borrowings — due within one year	234	174	172
	<u>10,811</u>	<u>11,859</u>	<u>4,705</u>
<b>Net current assets</b>	<u>3,045</u>	<u>9,641</u>	<u>38,872</u>

	As at 31 March		
	2009	2008	2007
	HK\$'000	HK\$'000	HK\$'000
<b>Total assets less current liabilities</b>	<u>56,799</u>	<u>117,211</u>	<u>58,698</u>
<b>Non-current liabilities</b>			
Finance lease payables — due after one year	711	—	—
Bank borrowings — due after one year	<u>2,998</u>	<u>3,278</u>	<u>3,461</u>
	<u>3,709</u>	<u>3,278</u>	<u>3,461</u>
<b>Net assets</b>	<u>53,090</u>	<u>113,933</u>	<u>55,237</u>
<b>Capital and reserves</b>			
Share capital	5,993	5,978	5,279
Reserves	<u>35,099</u>	<u>95,630</u>	<u>49,863</u>
<b>Equity attributable to equity holders of the Company</b>	41,092	101,608	55,142
<b>Minority interests</b>	<u>11,998</u>	<u>12,325</u>	<u>95</u>
<b>Total equity</b>	<u>53,090</u>	<u>113,933</u>	<u>55,237</u>

## 2. AUDITED FINANCIAL STATEMENTS

Set out below are the audited financial statements together with the relevant notes thereto as extracted from the annual report of the Company for the year ended 31 March 2009.

**Consolidated Income Statement**

*For the year ended 31 March 2009*

		<b>2009</b>	<b>2008</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>	5	33,088	35,829
Cost of sales		<u>(10,140)</u>	<u>(10,031)</u>
<b>Gross profit</b>		22,948	25,798
Other income and gains	6	37,443	33,284
Development costs		(6,375)	(5,058)
Selling and marketing expenses		(4,493)	(6,143)
General and administrative expenses		(45,118)	(38,395)
Other operating expenses	8	(66,722)	(5,231)
Finance costs	9	(332)	(817)
Share of loss of associates	22	<u>(5)</u>	<u>(153)</u>
<b>(Loss)/Profit before income tax</b>	10	(62,654)	3,285
Income tax expense	11	<u>(88)</u>	<u>—</u>
<b>(Loss)/Profit for the year</b>		<u><u>(62,742)</u></u>	<u><u>3,285</u></u>
<b>Attributable to:</b>			
Equity holders of the Company	12	(62,309)	5,519
Minority interests		<u>(433)</u>	<u>(2,234)</u>
		<u><u>(62,742)</u></u>	<u><u>3,285</u></u>
<b>(Loss)/Earnings per share for (loss)/profit attributable to the equity holders of the Company during the year</b>	13		
— Basic ( <i>in HK cent</i> )		<u><u>(10.40)</u></u>	<u><u>0.98</u></u>
— Diluted ( <i>in HK cent</i> )		<u><u>(10.40)</u></u>	<u><u>0.91</u></u>

**Consolidated Balance Sheet***As at 31 March 2009*

		<b>2009</b>	<b>2008</b>
	<i>Note</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
<b>Non-current assets</b>			
Property, plant and equipment	17	12,168	10,374
Investment properties	18	14,000	17,155
Property under development	19	—	8,524
Intangible assets	20	27,006	70,339
Investments in associates	22	—	80
Available-for-sale financial assets	23	<u>580</u>	<u>1,098</u>
		<u>53,754</u>	<u>107,570</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	24	—	3,056
Accounts receivable	25	1,661	3,888
Prepayments, deposits and other receivables		4,751	7,000
Cash and cash equivalents	26	<u>7,444</u>	<u>7,556</u>
		<u>13,856</u>	<u>21,500</u>
<b>Total assets</b>		<u>67,610</u>	<u>129,070</u>
<b>Current liabilities</b>			
Accounts payable	27	2,033	1,955
Accruals and other payables		3,540	5,196
Deferred income		4,471	4,534
Finance lease payables — due within one year	28	533	—
Bank borrowings — due within one year	29	<u>234</u>	<u>174</u>
		<u>10,811</u>	<u>11,859</u>
<b>Net current assets</b>		<u>3,045</u>	<u>9,641</u>
<b>Total assets less current liabilities</b>		<u>56,799</u>	<u>117,211</u>

		<b>2009</b>	<b>2008</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current liabilities</b>			
Finance lease payables — due after one year	28	711	—
Bank borrowings — due after one year	29	<u>2,998</u>	<u>3,278</u>
		<u>3,709</u>	<u>3,278</u>
<b>Net assets</b>		<u><u>53,090</u></u>	<u><u>113,933</u></u>
<b>Capital and reserves</b>			
Share capital	30	5,993	5,978
Reserves	32	<u>35,099</u>	<u>95,630</u>
<b>Equity attributable to equity holders of the Company</b>		41,092	101,608
<b>Minority interests</b>		<u>11,998</u>	<u>12,325</u>
<b>Total equity</b>		<u><u>53,090</u></u>	<u><u>113,933</u></u>



**Balance Sheet***As at 31 March 2009*

	<i>Note</i>	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	17	230	—
Investment properties	18	14,000	17,155
Investments in subsidiaries	21	40,056	97,531
Available-for-sale financial assets	23	<u>580</u>	<u>1,098</u>
		<u>54,866</u>	<u>115,784</u>
<b>Current assets</b>			
Amounts due from subsidiaries	21	6,568	10,519
Prepayments, deposits and other receivables		165	216
Cash and cash equivalents	26	<u>96</u>	<u>818</u>
		<u>6,829</u>	<u>11,553</u>
<b>Total assets</b>		<u>61,695</u>	<u>127,337</u>
<b>Current liabilities</b>			
Accruals and other payables		660	753
Amounts due to subsidiaries	21	5,852	10,414
Bank borrowings — due within one year	29	<u>234</u>	<u>174</u>
		<u>6,746</u>	<u>11,341</u>
<b>Net current assets</b>		<u>83</u>	<u>212</u>
<b>Total assets less current liabilities</b>		<u>54,949</u>	<u>115,996</u>
<b>Non-current liabilities</b>			
Bank borrowings — due after one year	29	<u>2,998</u>	<u>3,278</u>
<b>Net assets</b>		<u>51,951</u>	<u>112,718</u>
<b>Capital and reserves</b>			
Share capital	30	5,993	5,978
Reserves	32	<u>45,958</u>	<u>106,740</u>
<b>Total equity</b>		<u>51,951</u>	<u>112,718</u>

**Consolidated Statement of Changes in Equity***For the year ended 31 March 2009*

	Reserves							Accumulated losses	Total reserves	Minority interests	Total equity
	Share capital	Share premium	Merger reserve	Employee compensation reserve	Translation reserve	Property revaluation reserve	Investment revaluation reserve				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Balance at 1 April 2007</b>	5,279	98,286	4,870	4,390	141	6,747	500	(65,071)	49,863	95	55,237
Fair value gains/(losses):											
— Buildings (Note 17)	—	—	—	—	—	3,242	—	—	3,242	—	3,242
— Available-for-sale financial assets (Note 23)	—	—	—	—	—	—	(1,067)	—	(1,067)	—	(1,067)
Currency translation differences	—	—	—	—	1,702	—	—	—	1,702	135	1,837
Net income and expense recognized directly in equity	—	—	—	—	1,702	3,242	(1,067)	—	3,877	135	4,012
Profit/(Loss) for the year	—	—	—	—	—	—	—	5,519	5,519	(2,234)	3,285
Total recognized income and expense for the year	—	—	—	—	1,702	3,242	(1,067)	5,519	9,396	(2,099)	7,297
Issue of shares upon exercise of share options (Note 30)	238	3,509	—	—	—	—	—	—	3,509	—	3,747
Issue of shares (Note 30)	461	30,874	—	—	—	—	—	—	30,874	—	31,335
Share issue costs	—	(359)	—	—	—	—	—	—	(359)	—	(359)
Employee share-based compensation (Note 14)	—	—	—	2,347	—	—	—	—	2,347	—	2,347
Exercise of share options (Note 31)	—	1,859	—	(1,859)	—	—	—	—	—	—	—
Vested share options lapsed	—	—	—	(203)	—	—	—	203	—	—	—
Disposal of interests in subsidiaries	—	—	—	—	—	—	—	—	—	14,329	14,329
<b>Balance at 31 March 2008 and 1 April 2008</b>	5,978	134,169	4,870	4,675	1,843	9,989	(567)	(59,349)	95,630	12,325	113,933
Fair value losses:											
— Available-for-sale financial assets (Note 23)	—	—	—	—	—	—	(497)	—	(497)	—	(497)
Currency translation differences	—	—	—	—	796	—	—	—	796	240	1,036
Net income and expense recognized directly in equity	—	—	—	—	796	—	(497)	—	299	240	539
Transfer to profit or loss on disposal of available-for-sale financial assets	—	—	—	—	—	—	145	—	145	—	145
Loss for the year	—	—	—	—	—	—	—	(62,309)	(62,309)	(433)	(62,742)
Total recognized income and expense for the year	—	—	—	—	796	—	(352)	(62,309)	(61,865)	(193)	(62,058)
Issue of shares upon exercise of share options (Note 30)	15	213	—	—	—	—	—	—	213	—	228
Employee share-based compensation (Note 14)	—	—	—	1,366	—	—	—	—	1,366	—	1,366
Exercise of share options (Note 31)	—	54	—	(54)	—	—	—	—	—	—	—
Vested share options lapsed/cancelled	—	—	—	(4,239)	—	—	—	4,239	—	—	—
Disposal of interest in a subsidiary	—	—	—	—	(245)	—	—	—	(245)	(134)	(379)
<b>Balance at 31 March 2009</b>	5,993	134,436	4,870	1,748	2,394	9,989	(919)	(117,419)	35,099	11,998	53,090

The merger reserve represents the difference between the share capital and share premium of the Company and the nominal value of shares of a subsidiary acquired pursuant to the reorganization in connection with the preparation for the initial listing of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

**Consolidated Cash Flow Statement***For the year ended 31 March 2009*

	<b>2009</b>	<b>2008</b>
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Cash flows from operating activities</b>		
(Loss)/Profit before income tax	(62,654)	3,285
Adjustments for:		
— Depreciation of property, plant and equipment	3,890	2,829
— Amortization of leasehold land and land use rights	—	55
— Amortization of intangible assets	22	33
— Goodwill impairment charge	43,203	3,600
— Impairment loss on amount due from a former subsidiary	20,193	—
— Share of loss of associates	5	153
— Gain on disposal of interests in subsidiaries	(34,212)	(26,970)
— Recycling of loss from equity on disposal of available-for-sale financial assets	145	—
— (Gain)/Loss on disposal of property, plant and equipment	(158)	255
— Fair value loss/(gain) on investment properties	3,155	(1,943)
— Interest income	(24)	(635)
— Finance costs	332	817
— Equity-settled share-based payments	1,366	2,347
Changes in working capital:		
— Financial assets at fair value through profit or loss	3,056	(3,034)
— Accounts receivable	2,227	(1,575)
— Prepayments, deposits and other receivables	2,198	(427)
— Financial liabilities at fair value through profit or loss	—	(18)
— Accounts payable	434	(1,394)
— Accruals and other payables	6	(7,145)
— Deferred income	(7)	3,479
Cash used in operations	(16,823)	(26,288)
Interest paid	(275)	(817)
Income tax paid	(88)	—
Net cash used in operating activities	(17,186)	(27,105)

		<b>2009</b>	<b>2008</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries		—	(63,680)
Purchase of property, plant and equipment	17	(7,100)	(4,978)
Purchase of intangible assets	20	(2)	(5)
Proceeds from disposal of property, plant and equipment		3,291	835
Proceeds from disposal of available-for-sale financial assets		96	—
Disposal of interests in subsidiaries	34	20,745	41,119
Interest received		<u>24</u>	<u>635</u>
Net cash generated from/(used in) investing activities		<u>17,054</u>	<u>(26,074)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares	30	228	35,082
Share issue costs		—	(359)
Interest element of finance lease rental payments		(57)	—
Capital element of finance lease rental payments		(356)	—
Proceeds from borrowings		4,500	—
Repayment of borrowings		<u>(4,720)</u>	<u>(11,975)</u>
Net cash (used in)/generated from financing activities		<u>(405)</u>	<u>22,748</u>
<b>Net decrease in cash and cash equivalents</b>		<b>(537)</b>	<b>(30,431)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>7,556</b>	<b>37,036</b>
Effect of foreign exchange rate changes, net		<u>425</u>	<u>951</u>
<b>Cash and cash equivalents at end of the year</b>	<b>26</b>	<b><u>7,444</u></b>	<b><u>7,556</u></b>

**Notes to the Consolidated Financial Statements***For the year ended 31 March 2009***1. GENERAL INFORMATION**

Finet Group Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in (i) the development, production and provision of financial information services and technology solutions to corporate clients and retail investors in Greater China and (ii) the development and operations of online games in Mainland China. The principal activity of the Company is investment holding. The principal activities and other particulars of its subsidiaries are set out in Note 21.

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 Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s principal place of business is situated at Suite 505–506, 5/F, Low Block, Grand Millennium Plaza, 181 Queen’s Road Central, Hong Kong.

The Company’s shares have been listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 7 January 2005.

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 June 2009.

**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 (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and buildings, available-for-sale financial assets, and financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS 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.

In the current year, the Group has applied the following amendments and interpretations (the “new HKFRSs”) issued by the HKICPA, which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) — Int 12	Service Concession Arrangements
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The application of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs 2009 <sup>2</sup>
HKAS 1 (Revised)	Presentation of Financial Statements <sup>3</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>3</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>4</sup>
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation <sup>3</sup>
HKAS 39 (Amendment)	Eligible Hedged Items <sup>4</sup>
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate <sup>3</sup>
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations <sup>3</sup>
HKFRS 3 (Revised)	Business Combination <sup>4</sup>
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments <sup>3</sup>
HKFRS 8	Operating Segments <sup>3</sup>
HK(IFRIC) — Int 9 & HKAS 39 (Amendments)	Embedded Derivatives <sup>5</sup>
HK(IFRIC) — Int 13	Customer Loyalty Programmes <sup>6</sup>
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate <sup>3</sup>
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation <sup>7</sup>
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners <sup>4</sup>
HK(IFRIC) — Int 18	Transfers of Assets from Customers <sup>8</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>5</sup> Effective for annual periods ending on or after 30 June 2009

<sup>6</sup> Effective for annual periods beginning on or after 1 July 2008

<sup>7</sup> Effective for annual periods beginning on or after 1 October 2008

<sup>8</sup> Effective for transfers of assets from customers received on or after 1 July 2009

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent’s ownership interest in a subsidiary.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

## 2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 March.

### *(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.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as 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 income statement.

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 balance sheet, 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 and 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 that are recorded in the consolidated income statement. 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.

### *(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.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated income statement, 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.

### 2.3 Segment reporting

A business segment is a Group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

### 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 income statement, 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 differences 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 balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each consolidated income statement 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 income statement 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**

Buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other 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 income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of buildings are credited to the property revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are charged to the consolidated income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the consolidated income statement and depreciation based on the asset's original cost is transferred from "other reserves" to "accumulated losses".

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:

Buildings	Over the remaining lease terms
Leasehold improvements	Over the term of leases
Computer equipment	20%
Office equipment	20%
Furniture and fixtures	20%
Motor vehicle	20%

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

## 2.6 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property.

Investment property comprises land held under operating leases and buildings. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. These valuations are reviewed annually by external valuers.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognized as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognized in the financial statements.

Subsequent expenditure is charged to the asset's carrying amount 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. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

Changes in fair values are recognized in the consolidated income statement, as part of other income and gains.

Gains or losses on disposal of an investment property are recognized in the consolidated income statement in the year of disposal.

If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment" up to the date of change in use, and any difference at the date between the carrying amount and the fair value of the property is accounted for as a revaluation. Increases in the carrying

amount arising on revaluation are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are charged to the consolidated income statement.

## 2.7 Properties under development

Properties under development are classified as non-current assets and are stated at cost less accumulated amortization and accumulated impairment loss. Cost comprises acquisition cost relating to the leasehold interests in lands and direct development costs attributable to such properties. Interests in lands are amortized over the expected life and are included as part of cost of properties under development.

## 2.8 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 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.

### (b) Trademarks and licenses

Acquired trademarks and licenses are shown at historical cost. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives (3–5 years).

### (c) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (5 years).

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;

- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized over their estimated useful lives.

## **2.9 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.

## **2.10 Financial assets**

### ***Classification***

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determines 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. Derivatives are also categorized as held for trading unless they are designated as hedges. 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 and other receivables" and "cash and cash equivalents" in the balance sheet.

*(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.

***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 income statement. 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 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 income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the consolidated income statement 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 equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the consolidated income statement as gains and losses from investment securities.

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

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group established fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at 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 securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities 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 the consolidated income statement — is removed from equity and recognized in the consolidated income statement. Impairment losses recognized in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

### **2.11 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 income statement. 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 to the consolidated income statement.

### **2.12 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and financial institutions, 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 balance sheets.

### **2.13 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.

### **2.14 Trade payables**

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

### **2.15 Borrowings**

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

### **2.16 Development costs**

Expenditure incurred on projects to develop new products is charged to consolidated income statement as incurred unless the Group can demonstrate the technical feasibility of completing the projects so that the asset generated will be available for use or sale, its intention to complete the projects and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. In such case, development expenditure is capitalized and deferred as intangible asset, and is amortized over its estimated useful.

### 2.17 Deferred income tax

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 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 and 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.

### 2.18 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 consolidated income statement 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.

The employees of the Group’s subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a percentage of its payroll costs to the central pension scheme. The contributions are charged to the consolidated income statement as they become payable in accordance with the rules of the central pension scheme.

#### *(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 consolidated income statement, 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.

**2.19 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 rate 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.

**2.20 Revenue recognition**

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

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, on the following bases:

- (a) Service income from on-line content information provision is recognized on a time-proportion basis over the service period.
- (b) Income from Internet solutions is recognized when the services are rendered.
- (c) Online game income is recognized when the in-game premium features are consumed or points for in-game premium features are expired.
- (d) Income from advertisements on websites is recognized when the advertisements are placed.
- (e) Rental income from property letting is recognized in the period in which the properties are let and on a straight-line basis over the lease terms.
- (f) Commission income is recognized when the services are rendered.
- (g) 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 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.



**2.21 Leases**

Leases where substantially all the risks and rewards of ownership of assets remain with the lessors are accounted for as operating leases. Leases that substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as finance leases.

*(a) Where the Group is the lessee (operating leases)*

Payments made under operating leases (net of any incentives received from the leasing company) are expensed in the consolidated income statement on a straight-line basis over the lease periods.

*(b) Where the Group is the lessor (operating leases)*

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset.

Lease income is recognized over the term of the lease on a straight-line basis.

*(c) Where the Group is the lessee (finance leases)*

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

**2.22 Contingent liabilities and contingent assets**

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognized but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognized as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. Contingent assets are not recognized but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognized.

**2.23 Dividend distribution**

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

### 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 program 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

The Group has no significant transactional currency exposures. 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. 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. The Group is exposed to equity price risk arising from individual equity investment classified as available-for-sale financial assets (Note 23) as at 31 March 2009. The Group's listed investment is listed on the Osaka Securities Exchange in Japan and is valued at quoted market prices at the balance sheet date.

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 at the balance sheet date:

	Increase/ (decrease) in carrying amount of equity investments HK\$'000	Increase/ (decrease) in (loss)/profit before income tax HK\$'000	Increase/ (decrease) in equity* HK\$'000
<b>2009</b>			
5% increase in equity price	29	—	29
5% decrease in equity price	(29)	—	(29)
<b>2008</b>			
5% increase in equity price	208	153	55
5% decrease in equity price	(208)	(153)	(55)

\* Excluding retained earnings

###### (iii) Cash flow and fair value interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with floating interest rates.

The Group's policy to manage its interest rate risk is to reduce or maintain its current level of interest-bearing borrowings. As the Group does not expect to significantly increase its level of interest-bearing borrowings, it has not used any interest rate swaps to hedge its exposure to interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's (loss)/profit before income tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in (loss)/profit before income tax HK\$'000	Increase/ (decrease) in equity* HK\$'000
<b>2009</b>			
Hong Kong dollar	50	(7)	—
Hong Kong dollar	(50)	7	—
<b>2008</b>			
Hong Kong dollar	50	(18)	—
Hong Kong dollar	(50)	18	—

\* Excluding retained earnings

**(b) Credit risk**

The Group reviews the recoverability of its trade receivables 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.

At the balance sheet date, the Group has certain concentrations of credit risk as nil (2008: 53%) and 28% (2008: 72%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in Note 25 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.

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

	On demand or within 1 year <i>HK\$'000</i>	More than 1 year but less than 5 years <i>HK\$'000</i>	Over 5 years <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>2009</b>				
Accounts payable	2,033	—	—	2,033
Accruals and other payables	3,540	—	—	3,540
Finance lease payables	618	825	—	1,443
Bank borrowings	234	1,274	1,724	3,232
<b>2008</b>				
Accounts payable	1,955	—	—	1,955
Accruals and other payables	5,196	—	—	5,196
Bank borrowings	174	1,196	2,082	3,452

### 3.2 Capital risk management

One of the Group's subsidiaries is regulated by the Securities and Futures Commission of Hong Kong (the "SFC") and is 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 gearing ratio. This ratio is calculated as total borrowings divided by total equity, as shown in the consolidated balance sheet. The gearing ratios at 31 March 2008 and 2009 were as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Total borrowings ( <i>Notes 28 and 29</i> )	4,476	3,452
Total equity	53,090	113,933
Gearing ratio	8%	3%

### 3.3 Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying values less impairment provision of trade receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

## 3.4 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	Loans and receivables <i>HK\$'000</i>	Available- for-sale financial assets <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Financial assets as per consolidated balance sheet</b>			
31 March 2009			
Available-for-sale financial assets ( <i>Note 23</i> )	—	580	580
Accounts receivable ( <i>Note 25</i> )	1,661	—	1,661
Deposits and other receivables	4,327	—	4,327
Cash and cash equivalents ( <i>Note 26</i> )	7,444	—	7,444
Total	13,432	580	14,012

	Loans and receivables <i>HK\$'000</i>	Financial assets at fair value through profit or loss <i>HK\$'000</i>	Available- for-sale financial assets <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Financial assets as per consolidated balance sheet</b>				
31 March 2008				
Available-for-sale financial assets ( <i>Note 23</i> )	—	—	1,098	1,098
Financial assets at fair value through profit or loss ( <i>Note 24</i> )	—	3,056	—	3,056
Accounts receivable ( <i>Note 25</i> )	3,888	—	—	3,888
Deposits and other receivables	2,668	—	—	2,668
Cash and cash equivalents ( <i>Note 26</i> )	7,556	—	—	7,556
Total	14,112	3,056	1,098	18,266

	Financial liabilities at amortized cost <i>HK\$'000</i>
<b>Financial liabilities as per consolidated balance sheet</b>	
31 March 2009	
Accounts payable ( <i>Note 27</i> )	2,033
Accruals and other payables	3,540
Finance lease payables ( <i>Note 28</i> )	1,244
Bank borrowings ( <i>Note 29</i> )	3,232
Total	10,049

**Financial  
liabilities at  
amortized cost**  
*HK\$ '000*

**Financial liabilities as per consolidated balance sheet**

31 March 2008

Accounts payable ( <i>Note 27</i> )	1,955
Accruals and other payables	5,196
Bank borrowings ( <i>Note 29</i> )	<u>3,452</u>
 Total	 <u><u>10,603</u></u>

#### 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 2.8. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

**(b) Estimated fair values of employee share options**

The fair values of employee share options granted are calculated using the binomial model based on the Group management's significant inputs into calculations, including the impact of vesting period, exit rate of employees, estimated life of share options granted based on exercise restrictions and behavioral consideration, volatility of share price and exercise price of the share options granted. Furthermore, the calculations assume nil future dividends.

**(c) Estimated fair values of investment properties**

The fair values of investment properties are determined annually by independent qualified valuers on open market value, existing use basis calculated on the net income allowing for reversionary potential. In making the judgment, considerations have been given to assumptions that are mainly based on market conditions existing at the balance sheet date.

**5. REVENUE**

Revenue, which is also the Group's turnover, represents total invoiced value of services rendered. Revenue recognized during the year is as follows:

	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Service income from provision of financial information services	29,952	33,503
Advertising income	1,306	1,483
Online game income	<u>1,830</u>	<u>843</u>
	<u><u>33,088</u></u>	<u><u>35,829</u></u>

**6. OTHER INCOME AND GAINS**

	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fair value gain on investment properties	—	1,943
Gain on disposal of interests in subsidiaries ( <i>Note 34</i> )	34,212	26,970
Gain on disposal of property, plant and equipment	158	—
Gross rental income from investment properties	1,063	91
Net fair value gains on financial assets at fair value through profit or loss	161	—
Commission income	—	1
Interest income from bank deposits	24	635
Sundry income	<u>1,825</u>	<u>3,644</u>
	<u><u>37,443</u></u>	<u><u>33,284</u></u>

**7. SEGMENT INFORMATION****(a) Primary reporting format — business segments**

At 31 March 2009, the Group is organized into two main business segments:

- (i) Financial information services business — the development, production and provision of financial information services and technology solutions to corporate clients and retail investors in Greater China.
- (ii) Online game business — the development and operations of online games in Mainland China.

The segment results for the year ended 31 March 2009 are as follows:

	Financial information services business HK\$'000	Online game business HK\$'000	Group HK\$'000
<b>Revenue</b>	<u>31,258</u>	<u>1,830</u>	<u>33,088</u>
Segment results	(16,217)	(46,100)	(62,317)
Finance costs			(332)
Share of loss of an associate			<u>(5)</u>
<b>Loss before income tax</b>			(62,654)
Income tax expense			<u>(88)</u>
<b>Loss for the year</b>			<u><u>(62,742)</u></u>
Other segment items included in the consolidated income statement are as follows:			
Goodwill impairment charge	—	43,203	43,203
Impairment loss on amount due from a former subsidiary	—	20,193	20,193
Fair value loss on investment properties	3,155	—	3,155
Recycling of loss from equity on disposal of available-for-sale financial assets	145	—	145
Amortization of intangible assets	—	22	22
Depreciation of property, plant and equipment	<u>2,498</u>	<u>1,392</u>	<u>3,890</u>



The segment results for the year ended 31 March 2008 are as follows:

	Financial information services business HK\$'000	Online game business HK\$'000	Group HK\$'000
<b>Revenue</b>	<u>34,986</u>	<u>843</u>	<u>35,829</u>
Segment results	(1,691)	5,946	4,255
Finance costs			(817)
Share of loss of associates			<u>(153)</u>
<b>Profit before income tax</b>			3,285
Income tax expense			<u>—</u>
<b>Profit for the year</b>			<u><u>3,285</u></u>

Other segment items included in the consolidated income statement are as follows:

Goodwill impairment charge	—	3,600	3,600
Net fair value loss on financial assets at fair value through profit or loss	487	—	487
Amortization of leasehold land and land use rights	—	55	55
Amortization of intangible assets	—	33	33
Depreciation of property, plant and equipment	<u>2,215</u>	<u>614</u>	<u>2,829</u>

Segment assets consist primarily of property, plant and equipment, investment properties, property under development, intangible assets, available-for-sale financial assets, financial assets at fair value through profit or loss, accounts receivable, prepayments, deposits and other receivables, and cash and cash equivalents.

Segment liabilities comprise operating liabilities. Unallocated liabilities comprise items such as taxation and borrowings.

Capital expenditure comprises additions to property, plant and equipment (Note 17), property under development (Note 19) and intangible assets (Note 20), including additions resulting from acquisitions through business combinations.

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

	Financial information services business HK\$'000	Online game business HK\$'000	Unallocated HK\$'000	Group HK\$'000
Assets	31,511	36,099	—	<u><u>67,610</u></u>
Liabilities	8,338	1,706	4,476	<u><u>14,520</u></u>
Capital expenditure	4,052	4,650	—	<u><u>8,702</u></u>

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

	<b>Financial information services business HK\$'000</b>	<b>Online game business HK\$'000</b>	<b>Unallocated HK\$'000</b>	<b>Group HK\$'000</b>
Assets	40,725	88,265	—	128,990
Associates	—	—	80	80
<b>Total assets</b>	40,725	88,265	80	<u>129,070</u>
Liabilities	8,106	3,579	3,452	<u>15,137</u>
Capital expenditure	2,850	87,417	—	<u>90,267</u>

**(b) Secondary reporting format — geographical segments**

The Group mainly operates in Hong Kong and the People's Republic of China (the "PRC").

	<b>2009 HK\$'000</b>	<b>2008 HK\$'000</b>
<b>Revenue</b>		
Hong Kong	24,076	31,530
PRC	<u>9,012</u>	<u>4,299</u>
	<u>33,088</u>	<u>35,829</u>

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

	<b>2009 HK\$'000</b>	<b>2008 HK\$'000</b>
<b>Total assets</b>		
Hong Kong	12,431	16,458
PRC	54,599	109,428
Other countries	<u>580</u>	<u>3,104</u>
	67,610	128,990
Associates	<u>—</u>	<u>80</u>
	<u>67,610</u>	<u>129,070</u>

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

	2009 HK\$'000	2008 HK\$'000
<b>Capital expenditure</b>		
Hong Kong	2,243	1,934
PRC	<u>6,459</u>	<u>88,333</u>
	<u>8,702</u>	<u>90,267</u>

Capital expenditure is allocated based on where the assets are located.

#### 8. OTHER OPERATING EXPENSES

	2009 HK\$'000	2008 HK\$'000
Goodwill impairment charge	43,203	3,600
Impairment loss on amount due from a former subsidiary	20,193	—
Fair value loss on investment properties	3,155	—
Recycling of loss from equity on disposal of available-for-sale financial assets	145	—
Net fair value loss on financial assets at fair value through profit or loss	—	487
Others	<u>26</u>	<u>1,144</u>
	<u>66,722</u>	<u>5,231</u>

#### 9. FINANCE COSTS

	2009 HK\$'000	2008 HK\$'000
Interest expense on bank borrowings:		
— wholly repayable within five years	—	591
— not wholly repayable within five years	139	226
Interest expense on other borrowings:		
— wholly repayable within five years	136	—
Interest on a finance lease	<u>57</u>	<u>—</u>
	<u>332</u>	<u>817</u>

**10. (LOSS)/PROFIT BEFORE INCOME TAX**

(Loss)/Profit before income tax is arrived at after charging/(crediting):

	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating lease payments in respect of rented premises	5,760	2,141
Amortization of leasehold land and land use rights	—	55
Amortization of intangible assets		
(included in general and administrative expenses)	22	33
Depreciation of property, plant and equipment	3,890	2,829
Development costs ( <i>Note</i> )	6,375	5,058
Loss on disposal of property, plant and equipment	—	255
Auditors' remuneration — current year provision	320	320
— under-provision in prior year	160	—
Net foreign exchange losses/(gains)	<u>244</u>	<u>(418)</u>

*Note:* Development costs mainly comprise depreciation of property, plant and equipment of approximately HK\$181,000 (2008: HK\$122,000) and employee benefit expenses of approximately HK\$5,504,000 (2008: HK\$4,318,000), which are also included in the total amounts disclosed separately above and in Note 14 for each of these types of expenses.

**11. INCOME TAX**

Hong Kong profits tax is calculated at the rate of 16.5% (2008: 17.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year. No provision for Hong Kong profits tax has been made in the financial statements as the Group had no assessable profit arising in or derived from Hong Kong 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.

	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:		
— Hong Kong profits tax	—	—
— Overseas taxation — PRC	62	—
Adjustments in respect of prior years	<u>26</u>	<u>—</u>
Income tax expense	<u>88</u>	<u>—</u>

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate of 16.5% (2008: 17.5%) as follows:

	2009 HK\$'000	2008 HK\$'000
(Loss)/Profit before income tax	(62,654)	3,285
Tax calculated at Hong Kong profits tax rate	(10,338)	575
Effect of different tax rates of other jurisdictions	(3,285)	(2,732)
Income not subject to tax	(3,428)	(4,200)
Expenses not deductible for tax purposes	14,709	5,195
Tax effect of temporary differences not recognized	(53)	16
Utilization of previously unrecognized tax losses	—	(2)
Tax losses for which no deferred income tax asset was recognized	2,457	1,148
Adjustment in respect of prior years	26	—
Income tax expense	88	—

No deferred tax liabilities are recognized in the financial statements as the Group and the Company did not have material temporary difference arising between the tax bases of assets and liabilities and their carrying amounts at 31 March 2009 (2008: Nil). The Group's deferred tax assets and liabilities not recognized in the financial statements are as follows:

	2009 HK\$'000	2008 HK\$'000
Tax losses	14,362	13,794
Accelerated depreciation allowance	(416)	(943)
Revaluation of properties	(3,525)	(5,144)
	10,421	7,707

Deferred tax assets are recognized for tax losses carried forward to the extent that realization of the related tax benefit through future taxable profit is probable. No deferred tax assets are recognized in the Group's financial statements as it is uncertain as to whether these tax benefits will be utilized in the foreseeable future. The tax losses arising from subsidiaries operating in Hong Kong are subject to approval by the Inland Revenue Department of Hong Kong.

## 12. (LOSS)/PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

The loss attributable to the equity holders of the Company is dealt with in the financial statements of the Company to the extent of approximately HK\$62,009,000 (2008: Profit of HK\$23,646,000).

## 13. (LOSS)/EARNINGS PER SHARE

### (a) Basic

Basic (loss)/earnings per share is calculated by dividing the loss attributable to equity holders of the Company for the year ended 31 March 2009 of HK\$62,309,000 (2008: Profit of HK\$5,519,000) by the weighted average number of 599,347,315 (2008: 562,948,142) ordinary shares in issue during the year.

**(b) Diluted**

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's share) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	<b>2009</b>	<b>2008</b>
(Loss)/Profit attributable to equity holders of the Company <i>(in thousands of HK dollars)</i>	<u>(62,309)</u>	<u>5,519</u>
Weighted average number of ordinary shares in issue <i>(thousands)</i>	599,347	562,948
Adjustments for share options <i>(thousands)</i>	<u>—</u>	<u>40,708</u>
Weighted average number of ordinary shares for diluted (loss)/earnings per share <i>(thousands)</i>	<u>599,347</u>	<u>603,656</u>
Diluted (loss)/earnings per share <i>(HK cent per share)</i>	<u>(10.40)</u>	<u>0.91</u>

The computation of diluted loss per share for the year ended 31 March 2009 did not assume the exercise of the Company's share options outstanding during the year ended 31 March 2009 since their exercise would result in a decrease in loss per share.

**14. EMPLOYEE BENEFIT EXPENSES**

Employee benefit expenses (including directors' remuneration) during the year are as follows:

	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Wages and salaries	27,169	22,917
Equity-settled share-based payments	1,366	2,347
Pension costs — defined contribution plans	304	355
Others	<u>415</u>	<u>382</u>
	<u>29,254</u>	<u>26,001</u>

## 15. DIRECTORS' REMUNERATION

The remuneration of every director of the Company for the years ended 31 March 2008 and 2009 is set out below:

	<b>Fees</b> <i>HK\$'000</i>	<b>Salaries and allowances</b> <i>HK\$'000</i>	<b>Contributions to pension schemes</b> <i>HK\$'000</i>	<b>Share-based payments</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Year ended 31 March 2009</b>					
<b>Executive director</b>					
Yu Gang, George	—	1,070	12	426	1,508
<b>Non-executive director</b>					
Kwan Pun Fong, Vincent (Resigned on 10 June 2008)	11	—	—	—	11
<b>Independent non-executive directors</b>					
Lam Lee G.	60	—	—	85	145
Wu Tak Lung	60	—	—	85	145
William Hay	60	—	—	60	120
	<u>191</u>	<u>1,070</u>	<u>12</u>	<u>656</u>	<u>1,929</u>

	<b>Fees</b> <i>HK\$'000</i>	<b>Salaries and allowances</b> <i>HK\$'000</i>	<b>Contributions to pension schemes</b> <i>HK\$'000</i>	<b>Share-based payments</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Year ended 31 March 2008</b>					
<b>Executive director</b>					
Yu Gang, George	—	978	12	757	1,747
<b>Non-executive directors</b>					
Kwan Pun Fong, Vincent	60	—	—	103	163
Brendan McMahon (Retired from office on 27 July 2007)	20	—	—	32	52
<b>Independent non-executive directors</b>					
Lam Lee G.	60	—	—	103	163
Wu Tak Lung	60	—	—	103	163
William Hay	60	—	—	107	167
	<u>260</u>	<u>978</u>	<u>12</u>	<u>1,205</u>	<u>2,455</u>

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).

The directors consider that they are the only key management personnel of the Group and details of their compensation have been set out above.

**16. FIVE HIGHEST PAID INDIVIDUALS**

The five individuals whose emoluments were the highest in the Group for the year included one (2008: one) director whose emoluments have been reflected in the analysis presented above. The emoluments payable to the remaining four (2008: four) individuals during the year are as follows:

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
Basic salaries and allowances	1,970	1,985
Share-based payments	295	659
Discretionary bonus	174	—
Contributions to pension schemes	<u>48</u>	<u>43</u>
	<u><u>2,487</u></u>	<u><u>2,687</u></u>

The emoluments fell within the following bands:

	<b>2009</b> <i>Number of individuals</i>	<b>2008</b> <i>Number of individuals</i>
Emolument band		
Nil to HK\$1,000,000	<u><u>4</u></u>	<u><u>4</u></u>

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



## 17. PROPERTY, PLANT AND EQUIPMENT

## Group

	Buildings HK\$'000	Leasehold improvements HK\$'000	Computer equipment HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>At 1 April 2007</b>							
Cost	—	795	10,788	381	218	200	12,382
Valuation	9,792	—	—	—	—	—	9,792
	9,792	795	10,788	381	218	200	22,174
Accumulated depreciation	—	(459)	(6,234)	(123)	(74)	(67)	(6,957)
Net book amount	9,792	336	4,554	258	144	133	15,217
<b>Year ended 31 March 2008</b>							
Opening net book amount	9,792	336	4,554	258	144	133	15,217
Acquisition of subsidiaries	—	—	3,044	—	172	123	3,339
Additions	—	—	3,197	13	96	1,672	4,978
Depreciation	(211)	(280)	(1,935)	(78)	(92)	(233)	(2,829)
Disposals	—	—	—	—	—	(1,091)	(1,091)
Revaluation	3,242	—	—	—	—	—	3,242
Transfer to investment properties ( <i>Note 18</i> )	(12,823)	—	—	—	—	—	(12,823)
Exchange differences	—	—	305	—	14	22	341
Closing net book amount	—	56	9,165	193	334	626	10,374
<b>At 31 March 2008</b>							
Cost	—	795	18,566	395	583	888	21,227
Accumulated depreciation	—	(739)	(9,401)	(202)	(249)	(262)	(10,853)
Net book amount	—	56	9,165	193	334	626	10,374
<b>Year ended 31 March 2009</b>							
Opening net book amount	—	56	9,165	193	334	626	10,374
Additions	—	—	6,825	—	1,762	113	8,700
Depreciation	—	(56)	(3,275)	(79)	(193)	(287)	(3,890)
Disposals	—	—	(2,710)	—	(193)	(230)	(3,133)
Exchange differences	—	—	103	—	6	8	117
Closing net book amount	—	—	10,108	114	1,716	230	12,168
<b>At 31 March 2009</b>							
Cost	—	795	20,964	395	2,029	265	24,448
Accumulated depreciation	—	(795)	(10,856)	(281)	(313)	(35)	(12,280)
Net book amount	—	—	10,108	114	1,716	230	12,168

At 31 March 2009, the carrying amount of computer equipment included an amount of approximately HK\$1,360,000 (2008: Nil) in respect of assets held under finance lease.

**Company**

	<b>Buildings</b> <i>HK\$'000</i>	<b>Motor vehicle</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>At 1 April 2007</b>			
Cost	—	—	—
Valuation	<u>9,792</u>	<u>—</u>	<u>9,792</u>
	9,792	—	9,792
Accumulated depreciation	<u>—</u>	<u>—</u>	<u>—</u>
Net book amount	<u>9,792</u>	<u>—</u>	<u>9,792</u>
<b>Year ended 31 March 2008</b>			
Opening net book amount	9,792	—	9,792
Depreciation	(211)	—	(211)
Revaluation	3,242	—	3,242
Transfer to investment properties ( <i>Note 18</i> )	<u>(12,823)</u>	<u>—</u>	<u>(12,823)</u>
Closing net book amount	<u>—</u>	<u>—</u>	<u>—</u>
<b>At 31 March 2008</b>			
Cost	—	—	—
Accumulated depreciation	<u>—</u>	<u>—</u>	<u>—</u>
Net book amount	<u>—</u>	<u>—</u>	<u>—</u>
<b>Year ended 31 March 2009</b>			
Opening net book amount	—	—	—
Additions	—	265	265
Depreciation	<u>—</u>	<u>(35)</u>	<u>(35)</u>
Closing net book amount	<u>—</u>	<u>230</u>	<u>230</u>
<b>At 31 March 2009</b>			
Cost	—	265	265
Accumulated depreciation	<u>—</u>	<u>(35)</u>	<u>(35)</u>
Net book amount	<u>—</u>	<u>230</u>	<u>230</u>

**18. INVESTMENT PROPERTIES****Group and Company**

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
<b>Beginning of the year</b>	17,155	—
Transfer from property, plant and equipment ( <i>Note 17</i> )	—	12,823
Transfer from leasehold land and land use rights	—	2,389
Fair value (losses)/gains	<u>(3,155)</u>	<u>1,943</u>
<b>End of the year</b>	<u>14,000</u>	<u>17,155</u>

The fair value of the investment properties at 31 March 2009 was arrived at on the basis of a valuation carried out at that date by Dynasty Premium Asset Valuation & Real Estate Consultancy Limited, an independent professional valuer, on open market value, existing use basis calculated on the net income allowing for reversionary potential.

The Group's interests in investment properties at their net book values are analyzed as follows:

	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
In the PRC, held on:		
Leases of between 10 to 50 years	<u>14,000</u>	<u>17,155</u>

Bank loans (Note 29) are secured by the above investment properties with carrying amount of approximately HK\$14,000,000 (2008: HK\$17,155,000).

The future aggregate minimum rentals receivable under non-cancelable operating leases are as follows:

	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Not later than 1 year	1,082	1,092
Later than 1 year and no later than 5 years	<u>—</u>	<u>1,047</u>
	<u>1,082</u>	<u>2,139</u>

## 19. PROPERTY UNDER DEVELOPMENT

### Group

	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Land in the PRC</b>		
<b>Beginning of the year</b>	8,524	—
Arising on acquisition of subsidiaries	—	7,987
Amortization of interests in land	(88)	(134)
Capitalization of amortization of interests in land	88	134
Exchange differences	—	537
Disposal of a subsidiary	<u>(8,524)</u>	<u>—</u>
<b>End of the year</b>	<u>—</u>	<u>8,524</u>

## 20. INTANGIBLE ASSETS

## Group

	Goodwill <i>HK\$'000</i>	Trademarks, licenses and computer software <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>At 1 April 2007</b>			
Cost	—	—	—
Accumulated amortization	—	—	—
Net book amount	—	—	—
<b>Year ended 31 March 2008</b>			
Opening net book amount	—	—	—
Exchange differences	—	9	9
Acquisition of subsidiaries	73,803	155	73,958
Additions	—	5	5
Impairment charge	(3,600)	—	(3,600)
Amortization charge	—	(33)	(33)
Closing net book amount	70,203	136	70,339
<b>At 31 March 2008</b>			
Cost	73,803	172	73,975
Accumulated amortization and impairment	(3,600)	(36)	(3,636)
Net book amount	70,203	136	70,339
<b>Year ended 31 March 2009</b>			
Opening net book amount	70,203	136	70,339
Exchange differences	—	3	3
Additions	—	2	2
Impairment charge	(43,203)	—	(43,203)
Amortization charge	—	(22)	(22)
Disposal of interest in a subsidiary	—	(113)	(113)
Closing net book amount	27,000	6	27,006
<b>At 31 March 2009</b>			
Cost	73,803	8	73,811
Accumulated amortization and impairment	(46,803)	(2)	(46,805)
Net book amount	27,000	6	27,006

## Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to business segment.

On 18 June 2007, the Group completed the acquisition of East Treasure Limited. East Treasure Limited and its subsidiaries are principally engaged in the development and operations of online games in Mainland China. The related goodwill arising from the aforesaid acquisition amounted to approximately HK\$73,803,000.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated constant growth rate of 3.5%. The growth rate does not exceed the long-term average growth rate for the online game industry in which the CGU operates. In preparing the cash flow projections, management determined budgeted revenue and expenses based on past performance and its expectations for the market development. A discount rate of 20.80% was used which was determined with reference to independent research sources, and reflects the specific risks relating to the industry and the business segment.

As a result of the above impairment test for goodwill, the Group recognized a goodwill impairment charge of approximately HK\$43,203,000 which has been charged to the consolidated income statement for the year ended 31 March 2009 (2008: HK\$3,600,000).

## 21. INVESTMENTS IN SUBSIDIARIES

### Company

	2009 HK\$'000	2008 HK\$'000
Unlisted investments, at cost	97,761	97,531
Provision for impairment ( <i>Note</i> )	(57,705)	—
	<u>40,056</u>	<u>97,531</u>

*Note:* A provision for impairment against the Company's costs of investments in subsidiaries of approximately HK\$57,705,000 was made at 31 March 2009 because the related recoverable amounts of the investments with reference to the net assets value of the respective subsidiaries were estimated to be less than the carrying amounts of the investments. Accordingly, the carrying amounts of the related investments were reduced to their recoverable amounts at 31 March 2009.

The following is a list of the Company's subsidiaries at 31 March 2009:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operations	Particulars of issued/registered capital	Interest held
China Game & Digital Entertainment Limited	Cayman Islands, limited liability company	Investment holding	1,000,000 ordinary share of US\$0.01 each	85.71% (Direct)
Finet Group (BVI) Limited	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of US\$1 each	100% (Direct)
Finet Group Technology (Shenzhen) Limited	PRC, wholly foreign owned enterprise	Provision of financial information services in Mainland China	Registered capital of HK\$11,000,000	100% (Direct)
深圳市財科信息技術有限公司 (transliterated as Shenzhen Cai Ke Information Technology Company Limited)	PRC, limited liability company	Provision of financial information services in Mainland China	Registered capital of RMB1,000,000	100% (Direct)

## APPENDIX I

## FINANCIAL INFORMATION ON THE GROUP

Name	Place of incorporation and kind of legal entity	Principal activities and place of operations	Particulars of issued/registered capital	Interest held
Finet Holdings Limited	Hong Kong, limited liability company	Provision of financial information management and technology solutions, internet advertising and investment holding in Hong Kong	68,990,025 ordinary shares of HK\$1 each	100% (Indirect)
Finet Introducing Broker Limited	Hong Kong, limited liability company	Provision of securities dealing referral services in Hong Kong	1,000,000 ordinary shares of HK\$1 each	100% (Indirect)
Finet News Services Limited	Hong Kong, limited liability company	Provision of financial information services in Hong Kong and Mainland China and investment holdings	10,000 ordinary shares of HK\$1 each	100% (Indirect)
East Treasure Limited	Republic of Seychelles, limited liability company	Investment holding	50,000 ordinary shares of US\$1 each	85.71% (Indirect)
杭州笑傲數碼科技有限公司 (transliterated as Hangzhou Xiaobao Digital Technology Company Limited)	PRC, wholly foreign owned enterprise	Provision of online game products, computer network products, technology services and technology consultancy services in the PRC	Registered capital of US\$5,000,000	85.71% (Indirect)
上海龍傲游數碼科技有限公司 (transliterated as Shanghai Long Ao You Digital Technology Company Limited)	PRC, limited liability company	Development and operations of online games in the PRC	Registered capital of RMB1,000,000	85.71% (Indirect)
杭州仙暢網絡科技有限公司 (transliterated as Hangzhou Xian Chang Network Technology Company Limited)	PRC, limited liability company	Development and operations of online games in the PRC	Registered capital of RMB200,000	85.71% (Indirect)

### Amounts due from and due to subsidiaries

The amounts due from and due to subsidiaries as shown on the Company's balance sheet are unsecured, interest-free and repayable on demand.

## 22. INVESTMENTS IN ASSOCIATES

## Group

	2009 HK\$'000	2008 HK\$'000
<b>Beginning of the year</b>	80	—
Arising on disposal of interest in a subsidiary	—	198
Acquisition of subsidiaries	—	35
Share of loss	(5)	(153)
Disposals	(75)	—
<b>End of the year</b>	<u>—</u>	<u>80</u>

The following is a list of the Group's associates at 31 March 2008:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operations	Particulars of issued/registered capital	Interest held
China Capital Management Limited	Hong Kong, limited liability company	Provision of investment advisory services in Hong Kong	1,000,098 ordinary shares of HK\$1 each	20%
浙江遂昌凱恩飛石嶺景區有限公司	PRC, limited liability company	Park and hotel operation in the PRC	Registered capital of RMB1,000,000	49%

## 23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

## Group

	2009 HK\$'000	2008 HK\$'000
<b>Beginning of the year</b>	1,098	2,165
Addition	75	—
Disposals	(96)	—
Fair value losses transfer to equity	(497)	(1,067)
<b>End of the year</b>	<u>580</u>	<u>1,098</u>

## Company

	2009 HK\$'000	2008 HK\$'000
<b>Beginning of the year</b>	1,098	2,165
Disposals	(77)	—
Fair value losses transfer to equity	(441)	(1,067)
<b>End of the year</b>	<u>580</u>	<u>1,098</u>

Available-for-sale financial assets include the following:

**Group and Company**

	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity securities listed in Japan	<u>580</u>	<u>1,098</u>
Market value of listed equity securities	<u>580</u>	<u>1,098</u>

Available-for-sale financial assets are denominated in Japanese Yen.

**24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

**Group**

	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity securities listed in Hong Kong	—	1,050
Equity securities listed in the United States	<u>—</u>	<u>2,006</u>
	<u>—</u>	<u>3,056</u>
Market value of listed equity securities	<u>—</u>	<u>3,056</u>

The above financial assets are classified as held for trading.

**25. ACCOUNTS RECEIVABLE**

The credit terms granted by the Group to its customers range from 10 days to 90 days. At 31 March 2009, the ageing analysis of the accounts receivable was as follows:

**Group**

	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–30 days	1,186	1,921
31–60 days	194	648
61–90 days	109	873
Over 90 days	<u>172</u>	<u>446</u>
	<u>1,661</u>	<u>3,888</u>

As of 31 March 2009, accounts receivable of approximately HK\$172,000 (2008: HK\$446,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these accounts receivable is as follows:

	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Over 90 days	<u>172</u>	<u>446</u>



The carrying amounts of the Group's accounts receivable are denominated in the following currencies:

	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
HK dollars	1,419	3,467
US dollars	<u>242</u>	<u>421</u>
	<u><u>1,661</u></u>	<u><u>3,888</u></u>

The maximum exposure to credit risk at the reporting date is the carrying amount of the accounts receivable mentioned above. The Group does not hold any collateral as security.

## 26. CASH AND CASH EQUIVALENTS

	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Group</b>		
Cash at banks and in hand	<u><u>7,444</u></u>	<u><u>7,556</u></u>
<b>Company</b>		
Cash at banks and in hand	<u><u>96</u></u>	<u><u>818</u></u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Bank balances are deposited with credit worthy banks with no recent history of default.

At the balance sheet date, the cash and bank balances of the Group denominated in RMB amounted to approximately HK\$4,800,000 (2008: HK\$2,425,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

## 27. ACCOUNTS PAYABLE

At 31 March 2009, the ageing analysis of the accounts payable was as follows:

	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Group</b>		
0–30 days	1,110	671
31–60 days	562	131
61–90 days	101	—
Over 90 days	<u>260</u>	<u>1,153</u>
	<u><u>2,033</u></u>	<u><u>1,955</u></u>

## 28. FINANCE LEASE PAYABLES

The Group leased certain of its computer equipment under a finance lease agreement. The finance lease is repayable by instalments of 36 months and has a remaining lease term of 28 months as at 31 March 2009.

At 31 March 2009, the total future minimum lease payments under the finance lease and their present values were as follows:

**Group**

	Minimum lease payments		Present value of minimum lease payments	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts payable:				
Within one year	618	—	533	—
In the second year	618	—	533	—
In the third to fifth years, inclusive	<u>207</u>	<u>—</u>	<u>178</u>	<u>—</u>
Total minimum finance lease payments	1,443	—	1,244	—
Future finance charges	<u>(199)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total net finance lease payables	1,244	—	<u>1,244</u>	<u>—</u>
Portion classified as current liabilities	<u>(533)</u>	<u>—</u>		
Non-current portion	<u>711</u>	<u>—</u>		

The Group's finance lease arrangement bears interest at a fixed rate and its carrying amount approximates to its fair value.

The carrying amount of the finance lease payables are denominated in Hong Kong dollars.

**29. BANK BORROWINGS****Group and Company**

	2009	2008
	HK\$'000	HK\$'000
Secured bank loans — floating rates	<u>3,232</u>	<u>3,452</u>
At 31 March 2009, the bank loans are repayable as follows:		
Within 1 year	234	174
Between 1 and 2 years	300	280
Between 2 and 5 years	974	916
Over 5 years	<u>1,724</u>	<u>2,082</u>
	3,232	3,452
Less: Amount due within one year shown under current liabilities	<u>(234)</u>	<u>(174)</u>
Amount due after one year shown under non-current liabilities	<u>2,998</u>	<u>3,278</u>

The bank loans were secured by the investment properties of the Group (Note 18).

The effective interest rates (which are also equal to contracted interest rates) on the Group's floating rate bank loans are the PRC bank's prime lending rates minus 1.25% per annum.

The carrying amounts of the bank loans approximate their fair values, as the impact of discounting is not significant.

The carrying amounts of the bank loans are denominated in Hong Kong dollars.

### 30. SHARE CAPITAL

	2009		2008	
	<i>Number of shares</i>	<i>Amount (HK\$'000)</i>	<i>Number of shares</i>	<i>Amount (HK\$'000)</i>
Ordinary shares of HK\$0.01 each				
Authorized:				
<b>At beginning and end of the year</b>	<u>1,000,000,000</u>	<u>10,000</u>	<u>1,000,000,000</u>	<u>10,000</u>
Issued and fully paid:				
<b>At beginning of the year</b>	597,850,000	5,978	527,955,000	5,279
Issue of shares upon exercise of share options (Note (a))	1,520,000	15	23,815,000	238
Issue of shares (Note (b))	<u>—</u>	<u>—</u>	<u>46,080,000</u>	<u>461</u>
<b>At end of the year</b>	<u>599,370,000</u>	<u>5,993</u>	<u>597,850,000</u>	<u>5,978</u>

Notes:

- (a) Share options were exercised by option-holders during the year ended 31 March 2009 to subscribe for a total of 1,520,000 (2008: 23,815,000) shares in the Company by payment of subscription monies of approximately HK\$228,000 (2008: HK\$3,747,000), of which approximately HK\$15,000 (2008: HK\$238,000) was credited to share capital and the balance of approximately HK\$213,000 (2008: HK\$3,509,000) was credited to the share premium account.
- (b) Pursuant to the subscription agreement dated 20 September 2007, the Company issued and allotted a total of 46,080,000 new shares (the “Subscription Shares”) at a subscription price of HK\$0.68 per Subscription Share to the subscribers on 8 October 2007 (the “Subscription”) following the completion of a placing agreement for the placing of 46,080,000 existing shares (the “Placing”). The Company raised a net sum of approximately HK\$31 million through the Placing and the Subscription and the funds were used as general working capital for media network and future acquisition of the Group. The Subscription Shares were issued pursuant to the general mandate to allot, issue and deal with shares granted to the directors of the Company by resolution of the shareholders passed at the annual general meeting of the Company held on 27 July 2007.

### 31. SHARE-BASED EMPLOYEE COMPENSATION

#### Pre-IPO Share Option Scheme

The Company adopted a share option scheme (“Pre-IPO Share Option Scheme”) on 23 July 2004 for the purpose of providing incentives and recognizing the contributions which the eligible participants have made to the Group.

The Pre-IPO Share Option Scheme terminated on 6 January 2005 being the date immediately preceding the date on which the shares of the Company were listed on GEM. The maximum number of shares issuable under this scheme is limited to 74,076,000 shares. The grant of share options is effective upon receipt of the acceptance of the offer in writing duly signed by the eligible participant together with a payment of a nominal consideration of HK\$1 in total.

The provisions of this scheme relating to matters set out in Rule 23.03 of the GEM Listing Rules shall not be altered to the advantage of any grantees or prospective grantees except with the prior sanction of an ordinary resolution of the Company in general meeting. Any alterations to the terms and conditions of this scheme which are of a material nature or any change to the terms of the share options granted prior to such alteration, except where the alterations take effect automatically under the existing terms of this scheme and any change in the authority of the board of directors in relation to any alteration to the terms of this scheme shall be approved by the shareholders of the Company in a general meeting.

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

Grantee	Date of grant	Exercise price	Exercise period	Outstanding as at 1 April 2007	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2008
<b>Pre-IPO Share Option Scheme:</b>							
<b>Director</b>							
Yu Gang, George	21 September 2004	HK\$0.15	Note 1	27,726,000	(15,600,000)	—	12,126,000
<b>Employees</b>	21 September 2004	HK\$0.15	Note 1	20,745,000	(7,265,000)	(2,365,000)	11,115,000
Total				48,471,000	(22,865,000) <sup>#</sup>	(2,365,000)*	23,241,000

<sup>#</sup> The weighted average share price of the Company during the period which the share options were exercised was HK0.717 cents.

\* The 2,365,000 share options granted under the Pre-IPO Share Options Scheme lapsed upon the resignation of the employees of the Group.

The following table discloses movements of the share options granted under the Pre-IPO Share Option Scheme during the year ended 31 March 2009:

Grantee	Date of grant	Exercise price	Exercise period	Outstanding as at 1 April 2008	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2009
<b>Pre-IPO Share Option Scheme:</b>							
<b>Director</b>							
Yu Gang, George	21 September 2004	HK\$0.15	Note 1	12,126,000	—	—	12,126,000
<b>Employees</b>	21 September 2004	HK\$0.15	Note 1	11,115,000	(1,520,000)	(7,840,000)	1,755,000
Total				23,241,000	(1,520,000) <sup>#</sup>	(7,840,000)*	13,881,000

<sup>#</sup> The weighted average share price of the Company during the period which the share options were exercised was HK0.15 cents.

\* The 7,840,000 share options granted under the Pre-IPO Share Options Scheme lapsed upon the resignation of the employees of the Group.

### Share Option Scheme

The Company adopted another share option scheme (“Share Option Scheme”) on 16 December 2004 for the purpose of providing incentives and recognizing the contributions which the eligible participants have made to the Group. The Share Option Scheme unless otherwise altered or terminated, will remain in force for 10 years from the date of adoption.

The maximum number of shares issuable to each eligible participant in the Share Option Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options to any eligible participant in excess of this limit is subject to shareholders' approval in a general meeting. The total number of shares which may be issued upon exercise of all share options to be granted under this scheme and any other share option scheme of the Company must not, in aggregate, exceed 10% of the shares in issue of the Company (the "Scheme Mandate Limit") as at the date of listing of the Company. The Company may seek approval from its shareholders in a general meeting to refresh the Scheme Mandate Limit at any time in accordance with the GEM Listing Rules.

The maximum number of unexercised share options currently permitted to be granted under this scheme and any other share option scheme of the Company is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue from time to time.

Share options granted to a director, chief executive, management shareholder or substantial shareholder of the Company, or any of their respective associates, are subject to the approval of the independent non-executive directors (excluding any independent non-executive director who is a grantee of the share options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK\$5 million, within a 12-month period, are subject to the shareholders' approval in a general meeting in accordance with the GEM Listing Rules.

The grant of share options is effective upon receipt of the acceptance of the offer in writing duly signed by the eligible participant together with a payment of a nominal consideration of HK\$1 in total.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the share options, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the share options; and (iii) the nominal value of the Company's shares.

# APPENDIX I

# FINANCIAL INFORMATION ON THE GROUP

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

Grantee	Date of grant	Exercise price	Exercise period	Outstanding as at 1 April 2007	Granted during the year	Exercised during the year	Lapsed during the year	Reclassified during the year	Outstanding as at 31 March 2008
<b>Share Option Scheme:</b>									
<b>Directors</b>									
Yu Gang, George	6 December 2006	HK\$0.668	Note 3(d)	5,000,000	—	—	—	—	5,000,000
Kwan Pun Fong, Vincent	29 September 2005	HK\$0.365	Note 2(a)	1,000,000	—	(600,000)	—	—	400,000
	6 December 2006	HK\$0.668	Note 3(d)	1,000,000	—	—	—	—	1,000,000
Lam Lee G.	29 September 2005	HK\$0.365	Note 2(a)	1,000,000	—	—	—	—	1,000,000
	6 December 2006	HK\$0.668	Note 3(d)	1,000,000	—	—	—	—	1,000,000
Wu Tak Lung	29 September 2005	HK\$0.365	Note 2(a)	1,000,000	—	—	—	—	1,000,000
	6 December 2006	HK\$0.668	Note 3(d)	1,000,000	—	—	—	—	1,000,000
Brendan McMahon	6 December 2006	HK\$0.668	Note 3(c)	1,000,000	—	—	—	(1,000,000) <sup>†</sup>	—
William Hay	6 December 2006	HK\$0.668	Note 3(b)	1,000,000	—	—	—	—	1,000,000
Sub-total				13,000,000	—	(600,000)	—	(1,000,000)	11,400,000
<b>Employee</b>	5 September 2005	HK\$0.280	Note 2(b)	3,000,000	—	(350,000)	—	—	2,650,000
<b>Employees</b>	6 December 2006	HK\$0.668	Note 3(d)	6,500,000	—	—	(1,520,000)	—	4,980,000
<b>Employees</b>	6 December 2006	HK\$0.668	Note 3(a)	4,500,000	—	—	—	—	4,500,000
<b>Employee</b>	6 December 2006	HK\$0.668	Note 3(c)	—	—	—	—	1,000,000	1,000,000
Sub-total				14,000,000	—	(350,000)	(1,520,000)	1,000,000	13,130,000
Total				27,000,000	—	(950,000) <sup>#</sup>	(1,520,000) <sup>*</sup>	—	24,530,000

<sup>#</sup> The weighted average share price of the Company during the period which the share options were exercised was HK0.592 cents.

<sup>\*</sup> The 1,520,000 share options granted under the Share Options Scheme lapsed upon the resignation of the employees of the Group.

<sup>†</sup> Mr. Brendan McMahon retired from office as a director of the Company on 27 July 2007. Accordingly, the share options held by him were reclassified to the pool of employee.

# APPENDIX I

# FINANCIAL INFORMATION ON THE GROUP

The following table discloses movements of the share options granted under the Share Option Scheme during the year ended 31 March 2009:

Grantee	Date of grant	Exercise price	Exercise period	Outstanding as at 1 April 2008	Granted during the year	Exercised during the year	Lapsed/ Cancelled during the year	Reclassified during the year	Outstanding as at 31 March 2009
<b>Share Option Scheme:</b>									
<b>Directors</b>									
Yu Gang, George	6 December 2006	HK\$0.668	Note 3(d)	5,000,000	—	—	(5,000,000)^	—	—
Kwan Pun Fong, Vincent	29 September 2005	HK\$0.365	Note 2(a)	400,000	—	—	—	(400,000)†	—
	6 December 2006	HK\$0.668	Note 3(d)	1,000,000	—	—	(1,000,000)*	—	—
Lam Lee G.	29 September 2005	HK\$0.365	Note 2(a)	1,000,000	—	—	—	—	1,000,000
	6 December 2006	HK\$0.668	Note 3(d)	1,000,000	—	—	(1,000,000)^	—	—
Wu Tak Lung	29 September 2005	HK\$0.365	Note 2(a)	1,000,000	—	—	—	—	1,000,000
	6 December 2006	HK\$0.668	Note 3(d)	1,000,000	—	—	(1,000,000)^	—	—
William Hay	6 December 2006	HK\$0.668	Note 3(b)	1,000,000	—	—	(1,000,000)^	—	—
Sub-total				11,400,000	—	—	(9,000,000)	(400,000)	2,000,000
<b>Employee</b>	5 September 2005	HK\$0.280	Note 2(b)	2,650,000	—	—	—	—	2,650,000
<b>Employee</b>	29 September 2005	HK\$0.365	Note 2(a)	—	—	—	—	400,000	400,000
<b>Employees</b>	6 December 2006	HK\$0.668	Note 3(d)	4,980,000	—	—	(4,980,000)^	—	—
<b>Employees</b>	6 December 2006	HK\$0.668	Note 3(a)	4,500,000	—	—	(4,500,000)^	—	—
<b>Employee</b>	6 December 2006	HK\$0.668	Note 3(c)	1,000,000	—	—	—	—	1,000,000
Sub-total				13,130,000	—	—	(9,480,000)	400,000	4,050,000
Total				24,530,000	—	—	(18,480,000)	—	6,050,000

^ The 17,480,000 share options granted under the Share Options Scheme were cancelled at no consideration, of which 5,200,000 share options were not yet vested at the date of cancellation. The cancellation of the share options during the vesting period was accounted for as an acceleration of vesting, and an amount of approximately HK\$1,306,000 (representing the amount that otherwise would have been recognized for services received over the remainder of the vesting period) was recognized immediately in profit or loss in the consolidated income statement for the year ended 31 March 2009.

\* The 1,000,000 share options granted under the Share Options Scheme lapsed upon the resignation of a director of the Group.

† Mr. Kwan Pun Fong, Vincent resigned as a director of the Company on 10 June 2008. Accordingly, the share options held by him were reclassified to the pool of employee.

The exercise price in respect of any share options, shall subject to any adjustments in the event of any alteration in the capital structure of the Company whilst any share option remains exercisable or this scheme remains in effect. The exercise of any share option shall be subject to the shareholders in the general meeting approving any necessary increase in the authorized share capital of the Company.

The vesting period of the share options is from the date of grant until the commencement of the exercise period. All share options granted are exercisable within a period of ten years from the date of grant and subject to a vesting period and becoming exercisable in whole or in part as follows:

*Note 1:*

<b>Date of vesting of the options (that is, the date when the share options became exercisable)</b>	<b>Percentage of share options vested on such dates</b>
7 January 2006	30%
7 January 2007	30%
7 January 2008	40%

*Note 2:*

Date of vesting of the options (that is, the date when the share options became exercisable)					Percentage of share options vested on such dates
(a)	(b)	(c)	(d)	(e)	
7 January 2006	6 April 2006	3 May 2006	24 June 2006	8 November 2006	30%
7 January 2007	6 April 2007	3 May 2007	24 June 2007	8 November 2007	30%
7 January 2008	6 April 2008	3 May 2008	24 June 2008	8 November 2008	40%

*Note 3:*

Date of vesting of the options (that is, the date when the share options became exercisable)				Percentage of share options vested on such dates
(a)	(b)	(c)	(d)	
1 January 2007	2 May 2007	5 November 2007	5 December 2007	30%
1 January 2008	2 May 2008	5 November 2008	5 December 2008	30%
1 January 2009	2 May 2009	5 November 2009	5 December 2009	40%

During the year ended 31 March 2009, employee share-based compensation of approximately HK\$1,366,000 (2008: HK\$2,347,000) has been included in the consolidated income statement with a corresponding credit to the employee compensation reserve.

At 31 March 2009, the Company had 13,881,000 and 6,050,000 share options outstanding under the Pre-IPO Share Option Scheme and Share Option Scheme respectively. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 19,931,000 additional ordinary shares of the Company and additional share capital of approximately HK\$199,000 and share premium of approximately HK\$4,169,000 (before issue expenses).



## 32. RESERVES

## Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

## Company

	Share premium HK\$'000	Employee compensation reserve HK\$'000	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total reserves HK\$'000
<b>Balance at 1 April 2007</b>	98,286	4,390	6,747	500	(65,375)	44,548
Fair value gains/(losses):						
— Buildings ( <i>Note 17</i> )	—	—	3,242	—	—	3,242
— Available-for-sale financial assets ( <i>Note 23</i> )	—	—	—	(1,067)	—	(1,067)
Net income and expense recognized directly in equity	—	—	3,242	(1,067)	—	2,175
Profit for the year	—	—	—	—	23,646	23,646
Total recognized income and expense for the year	—	—	3,242	(1,067)	23,646	25,821
Issue of shares upon exercise of share options ( <i>Note 30</i> )	3,509	—	—	—	—	3,509
Issue of shares ( <i>Note 30</i> )	30,874	—	—	—	—	30,874
Share issue costs	(359)	—	—	—	—	(359)
Employee share-based compensation	—	2,347	—	—	—	2,347
Exercise of share options	1,859	(1,859)	—	—	—	—
Vested share options lapsed	—	(203)	—	—	203	—
<b>Balance at 31 March 2008 and 1 April 2008</b>	134,169	4,675	9,989	(567)	(41,526)	106,740
Fair value losses:						
— Available-for-sale financial assets ( <i>Note 23</i> )	—	—	—	(441)	—	(441)
Net expense recognized directly in equity	—	—	—	(441)	—	(441)
Transfer to profit or loss on disposal of available-for-sale financial assets	—	—	—	89	—	89
Loss for the year	—	—	—	—	(62,009)	(62,009)
Total recognized expense for the year	—	—	—	(352)	(62,009)	(62,361)
Issue of shares upon exercise of share options ( <i>Note 30</i> )	213	—	—	—	—	213
Employee share-based compensation	—	1,366	—	—	—	1,366
Exercise of share options	54	(54)	—	—	—	—
Vested share options lapsed/ cancelled	—	(4,239)	—	—	4,239	—
<b>Balance at 31 March 2009</b>	134,436	1,748	9,989	(919)	(99,296)	45,958

Under the Companies Law (Revised) of the Cayman Islands, the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

### 33. OPERATING LEASE COMMITMENTS

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from two to three years.

The future aggregate minimum lease payments under non-cancelable operating leases are as follows:

#### Group

	2009 HK\$'000	2008 HK\$'000
No later than 1 year	5,416	4,024
Later than 1 year and no later than 5 years	<u>4,282</u>	<u>7,478</u>
	<u>9,698</u>	<u>11,502</u>

The Company had no significant operating lease commitment as at 31 March 2008 and 2009.

### 34. DISPOSAL OF INTEREST IN A SUBSIDIARY

#### Disposal of interest in 杭州天暢網絡科技有限公司 (transliterated as Hangzhou Tianchang Network Technology Company Limited)

During the year ended 31 March 2009, the Group disposed of its entire equity interests in 杭州天暢網絡科技有限公司 (transliterated as Hangzhou Tianchang Network Technology Company Limited) to independent third parties at an aggregate cash consideration of RMB20,000,000 (equivalent to approximately HK\$22,800,000).

	2009 HK\$'000
Attributable net liabilities disposed of	(11,412)
Gain on disposal of interest in a subsidiary	<u>34,212</u>
	<u>22,800</u>
Satisfied by:	
Cash consideration received	20,748
Cash consideration receivable included in "Prepayments, deposits and other receivables" on the consolidated balance sheet at 31 March 2009	<u>2,052</u>
	<u>22,800</u>

Analysis of the net cash inflow in respect of the disposal of interest in a subsidiary:

	<b>2009</b>
	<i>HK\$'000</i>
Cash consideration received	20,748
Cash and cash equivalents disposed of	<u>(3)</u>
Net inflow of cash and cash equivalents in respect of the disposal of interest in a subsidiary	<u><u>20,745</u></u>

### 35. CONTINGENT LIABILITIES

In the year ended 31 March 2008, three libel actions were brought by a company and an individual against the Group in respect of the publication of words alleged to be defamatory of and concerning the plaintiffs contained in certain articles published at the Group's website. At the balance sheet date, the Company's directors believe that the Group has meritorious defense against such claims and accordingly, the directors do not believe that these claims will have any material adverse effect on the Group. Therefore no provisions have been made in the financial statements in respect thereof.

### 36. EVENTS AFTER THE BALANCE SHEET DATE

On 5 May 2009, the Company announced that the Company's board of directors proposed to raise not less than approximately HK\$15.0 million and not more than approximately HK\$15.2 million before expenses, by way of an open offer on the basis of one offer share for every two existing shares held on the record date with bonus issue of warrants on the basis of three bonus warrants for every ten offer shares issued and allotted under the open offer. The Company's board of directors also proposed to increase the authorized share capital of the Company from HK\$10,000,000 divided into 1,000,000,000 shares of HK\$0.01 each to HK\$20,000,000 divided into 2,000,000,000 shares of HK\$0.01 each by the creation of additional 1,000,000,000 shares of HK\$0.01 each. The proposed transactions have not been completed as of the date of approval of these financial statements.

### **3. INDEBTEDNESS**

At the close of business on 31 October 2009, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group had outstanding indebtedness of approximately HK\$4,033,000, comprising secured bank loans of approximately HK\$3,100,000 which were secured by legal charges over the Group's investment properties and obligations under finance leases of approximately HK\$933,000.

In the year ended 31 March 2008, three libel actions were brought by a company and an individual against the Group in respect of the publication of words alleged to be defamatory of and concerning the plaintiffs contained in certain articles published at the Group's website. The Directors believed that the Group had meritorious defense against such claims and accordingly, the Directors did not believe that these claims would have any material adverse effect on the Group. Therefore no provisions had been made in the financial statements in respect thereof.

Save as disclosed above and apart from intra-group liabilities and normal trade payables, the Group did not have at the close of business on 31 October 2009 any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

There has been no material change in the indebtedness or contingent liabilities of the Group since 31 October 2009.

### **4. WORKING CAPITAL**

The Directors are of the opinion that after taking into account the present internal financial resources of the Group, the presently available banking facilities and the estimated net proceeds of the Open Offer, and in the absence of unforeseen circumstances the Group has sufficient working capital for its present requirements (that is, for at least the next twelve months from the date of this Prospectus).

### **5. MATERIAL ADVERSE CHANGE**

Save for the net proceeds of HK\$12.8 million raised from the First Open Offer, the Directors confirmed that there is no material change in the financial or trading position or outlook of the Group since 31 March 2009 (being the date to which the latest published audited financial statements of the Group were made up) up to and including the Latest Practicable Date.

## 6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

### Financial Review

Turnover of the Group for the year ended 31 March 2009 was approximately HK\$33,088,000 (2008: HK\$35,829,000), which represented a decrease of approximately 8% as compared to the previous financial year. The net decrease was primarily attributable to (1) an increase in online game business of approximately HK\$987,000; and (2) a decrease in financial services and advertising services of total approximately HK\$3,728,000.

Other operating income of the Group for the year ended 31 March 2009 was approximately HK\$37,443,000 (2008: HK\$33,284,000), which mainly comprised the gain on disposal of interests in subsidiaries during the year.

Cost of sales of the Group for the year ended 31 March 2009 was approximately HK\$10,140,000 (2008: HK\$10,031,000), representing an increase of approximately 1% as compared to the previous financial year. The increase in the cost of sales was mainly resulted in the increased in cost to the information providers in connection with the provision of relevant services.

Selling and marketing expenses of the Group for the year ended 31 March 2009 was decreased to approximately HK\$4,493,000 compared with approximately HK\$6,143,000 in 2008. The decrease was mainly attributable to the decreased in marketing and promotion expenses incurred for online game business.

Development costs of the Group for the year ended 31 March 2009 was approximately HK\$6,375,000 (2008: HK\$5,058,000), which mainly comprised depreciation of property, plant and equipment of approximately HK\$181,000 (2008: HK\$122,000) and employee benefit expenses of approximately HK\$5,504,000 (2008: HK\$4,318,000).

General and administrative expenses of the Group for the year ended 31 March 2009 was increased by approximately HK\$6,723,000 to approximately HK\$45,118,000 (2008: HK\$38,395,000), which mainly comprised the staff costs (including directors' emoluments) of approximately HK\$23,750,000 (2008: HK\$21,683,000).

Other operating expenses of the Group for the year ended 31 March 2009 was approximately HK\$66,722,000 (2008: HK\$5,231,000), which mainly represented the goodwill impairment charge of approximately HK\$43,203,000 (2008: HK\$3,600,000) and impairment loss on amount due from a former subsidiary of approximately HK\$20,193,000 (2008: Nil). The impairment charges related to the goodwill impairment and capitalized online games development costs respectively in the Group's online games segment.

Finance costs of the Group for the year ended 31 March 2009 was approximately HK\$332,000 (2008: HK\$817,000), which mainly represented the interest charges on bank loans for the investment properties in the PRC and on the finance lease for the computer equipments.

The Hong Kong profits tax of approximately HK\$26,000 was paid during the year ended 31 March 2009 (2008: Nil) in respect of prior years. The PRC income tax of approximately HK\$62,000 (2008: Nil) for the net rental income from the investment properties of the Company in the PRC.

The audited consolidated loss attributable to equity holders of the Company for the year ended 31 March 2009 was approximately HK\$62,309,000 (profit attributable to equity holders for 2008: HK\$5,519,000).

### **Prospect**

Due to the chaotic market conditions following the global financial crisis, growth has also slowed markedly in China, but with a sizeable monetary and fiscal stimulus, activity is projected to pick up in 2009 and 2010. A pick up in credit growth is helping the economy regain momentum. Therefore, the Group will commit to invest in China's financial services market and to strive to become a major market player in the next 3–5 years. We have identified financial services and online games, two most promising areas that offer proven business models and increasing user bases.

**A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets (the “Unaudited Pro Forma Financial Information”) of the Group which has been prepared in accordance with paragraph 7.31 of the GEM Listing Rules to illustrate the effects of the Open Offer on the unaudited consolidated net tangible assets of the Group as if the Open Offer had been completed on 31 March 2009.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of: (i) the financial position of the Group as at 31 March 2009 or any future date; or (ii) the consolidated net tangible assets per Share of the Group as at 31 March 2009 or any future date.

	<b>Unaudited adjusted consolidated net tangible assets of the Group as at 31 March 2009</b>	<b>Add: Estimated net proceeds from the Open Offer</b>	<b>Unaudited pro forma adjusted consolidated net tangible assets of the Group</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>	
	<u>14,086</u>	<u>61,500</u>	<u>75,586</u>
Unaudited adjusted consolidated net tangible assets per Share based on 899,465,189 Shares in issue as at the Record Date and immediately before completion of the Open Offer <i>(Note 3)</i>			<u>HK\$0.016</u>
Unaudited pro forma adjusted consolidated net tangible assets per Share based on the enlarged issued share capital of 1,798,930,378 Shares upon completion of the Open Offer <i>(Note 4)</i>			<u>HK\$0.042</u>

*Notes:*

1. The unaudited adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 March 2009 of approximately HK\$14,086,000 is arrived at based on the equity attributable to the equity holders of the Company of approximately HK\$41,092,000 as adjusted to exclude the intangible assets of approximately HK\$27,006,000 as shown on the audited consolidated balance sheet of the Group as at 31 March 2009 as extracted from the published annual report of the Company for the year ended 31 March 2009 as set out in Appendix I to the Prospectus.
2. The estimated net proceeds from the Open Offer of approximately HK\$61.5 million are based on the proceeds of approximately HK\$63.0 million from the issue of 899,465,189 Offer Shares at the Subscription Price of HK\$0.07 per Offer Share payable in full upon application, less estimated share issue expenses of approximately HK\$1.5 million.
3. Based on 899,465,189 Shares in issue as at the Record Date and immediately before completion of the Open Offer.
4. Based on the enlarged issued share capital of 1,798,930,378 Shares upon completion of the Open Offer (comprising (i) 899,465,189 Shares in issue and (ii) 899,465,189 Offer Shares to be issued under the Open Offer).
5. The pro forma financial information does not take account of any trading or other transactions subsequent to the date of the financial statements included in the pro forma financial information (i.e. 31 March 2009). In particular, no adjustment has been made to reflect the First Open Offer which was announced by the Company on 5 May 2009 and completed in around August 2009. The First Open Offer principally involved the open offer and bonus issue of warrants of 299,685,000 new Shares and 89,905,500 Bonus Warrants on a fully underwritten basis, from which the Company raised net proceeds of approximately HK\$12.8 million.



**B. REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

*The following is the text of a report received from the auditors of the Company, HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, Hong Kong, addressed to the directors of the Company and prepared for the sole purpose of inclusion in this Prospectus.*



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

4 November 2009

**The Directors**  
**Finet Group Limited**

Dear Sirs,

**REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP****Introduction**

We report on the unaudited pro forma statement of adjusted consolidated net tangible assets (the “Unaudited Pro Forma Financial Information”) of Finet Group Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the Open Offer (as defined in the Prospectus) might have affected the financial information presented, for inclusion in the Company’s Prospectus dated 4 November 2009 (the “Prospectus”). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Section A of Appendix II of the Prospectus.

**Respective responsibilities of the directors of the Company and reporting accountants**

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 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”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**Basis of opinion**

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of: (i) the financial position of the Group as at 31 March 2009 or any future date; or (ii) the consolidated net tangible assets per share of the Group as at 31 March 2009 or any future date.

**Opinion**

In our opinion:

- a. the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- b. such basis is consistent with the accounting policies of the Group; and
- c. the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,  
**HLB Hodgson Impey Cheng**  
*Chartered Accountants*  
*Certified Public Accountants*  
Hong Kong

## 1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules and the Takeovers Code 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 Prospectus 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 Prospectus misleading; and (iii) all opinions expressed in this Prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

## 2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

### Share capital

#### (a) Share capital as at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>2,000,000,000</u>		<u>20,000,000</u>
<i>Issued and fully paid:</i>		
599,370,000	As at 31 March 2009	5,993,700
299,685,000	Issue of Shares upon open offer on 3 August 2009	2,996,850
410,189	Issue of Shares upon exercise of the Bonus Warrant since 3 August 2009	4,102
<u>899,465,189</u>	As at the Latest Practicable Date	<u>8,994,652</u>

#### (b) Share capital upon completion of the Open Offer

<i>Authorised:</i>		<i>HK\$</i>
<u>2,000,000,000</u>		<u>20,000,000</u>
<i>Issued and fully paid:</i>		
899,465,189	Shares as at the Latest Practicable Date	8,994,652
899,465,189	Offer Shares to be issued pursuant to the Open Offer	8,994,652
<u>1,798,912,378</u>	Shares upon completion of the Open Offer	<u>17,989,124</u>

All the issued Shares rank pari passu with each other in all respects including the rights to voting, dividends and return of capital. The Offer Shares, when issued and fully paid, rank pari passu in all respects with the existing Shares.

### Share Options

As at the Latest Practicable Date, the Company had the following outstanding Share Options under the Share Option Schemes:

Date of grant	Exercise price per Share (HK\$)	No. of Shares which may fall to be issued upon exercise of the Share Options
21 September 2004	0.1368	14,566,258
5 September 2005	0.2553	2,906,452
29 September 2005	0.3328	2,632,258
6 December 2006	0.6091	1,096,774

### Bonus Warrant

As at the Latest Practicable Date, the Company had the following outstanding Bonus Warrant under the Bonus Warrant Scheme:

Date of grant	Exercise price per Share (HK\$)	No. of Shares which may fall to be issued upon exercise of the Bonus Warrant
3 August 2009	0.10	89,495,311

Adjustments to (a) the exercise prices and numbers of the outstanding Share Options; and (b) the subscription price of the Bonus Warrants; may be required under the relevant terms of the Share Option and the Bonus Warrants Schemes, respectively. The auditors of the Company will be appointed to certify the necessary adjustments, if any, to the exercise prices and numbers of the outstanding Share Options. Further announcement will be made by the Company in this regard.

Save as disclosed above, the Company did not have any other options, warrants and other convertible securities or rights affecting the Shares as at the Latest Practicable Date.

### 3. DISCLOSURE OF INTEREST UNDER THE SFO

#### (a) Directors' and chief executive's interests and short positions in the Shares, underlying shares and debentures of the Company and associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations which (a) were required 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 (b) were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange; or (d) were required to be disclosed in this Prospectus pursuant to the requirements of the Takeovers Code, were as follows:

##### (i) Aggregate long positions in the Shares and underlying shares of the Company

Name of director	No. of Shares		No. of underlying Shares		Note	Total	% of Shares in issue
	Personal interest	Interest of controlled corporation	Personal interest	Interest of controlled corporation			
Executive Director:							
Dr. Yu	—	1,271,430,232	13,299,484	27,500,618	1	1,312,230,334	145.89%
Independent Non-executive Directors:							
Lam Lee G.	—	—	1,096,774	—	—	1,096,774	0.12%
Wu Tak Lung	—	—	1,096,774	—	—	1,096,774	0.12%

##### (ii) Aggregate long positions in the shares of associated corporation

Name of associated corporation	Name of Director	No. of shares		Note	% of shares in issue
		Personal interest	Interest of controlled corporation		
Opulent	Dr. Yu	100	—	1	100%

*Note:*

1. Dr. Yu was deemed (by virtue of the SFO) to be interested in 1,312,230,334 Shares. These Shares were held in the following capacity:
  - (a) 1,271,430,232 Shares and 27,500,618 underlying Shares were held by Opulent. Dr. Yu is interested in the entire issued share capital of Opulent. Therefore, the interest of Dr. Yu in these 1,271,430,232 Shares and 27,500,618 underlying Shares duplicates with the interest of Opulent in the same lots of 1,271,430,232 Shares and 27,500,618 underlying Shares; and
  - (b) Dr. Yu is entitled to Share Options to subscribe for an aggregate of 13,299,484 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations which (a) were required 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 (b) were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange; or (d) were required to be disclosed in this Prospectus pursuant to the requirements of the Takeovers Code.

**(b) Substantial shareholders' interests and short positions in the Shares**

As at the Latest Practicable Date, so far as the Directors were aware, persons other than the Directors or the chief executive of the Company who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of the SFO, or, who were expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, were as follows:

*(i) the Company*

Name	Number of Shares		Number of underlying Shares		Notes	Total	% of Shares in issue
	Personal interest	Interest of controlled corporation	Personal interest				
Substantial shareholder:							
Opulent	1,271,430,232	—	27,500,618	1	1,298,930,850	144.41%	

(ii) *China Game and Digital Entertainment Limited*

Name of substantial shareholder	Number of shares		Notes	Total	% of shares in issue
	Personal interest	Interest of controlled corporation			
The Pride of Treasure Fund	120,000	—	2	120,000	12%

*Notes:*

1. Opulent was deemed (by virtue of the SFO) to be interested 1,298,930,850 Shares as beneficial owner. The interest of Opulent in these 1,298,930,850 Shares duplicates with the interest of Dr. Yu in the same lot of 1,298,930,850 Shares. Such 1,298,930,850 Shares comprise:
  - (a) 275,006,184 Shares held by Opulent as at the Latest Practicable Date;
  - (b) 275,006,184 Offer Shares to be issued to Opulent in respect of the 275,006,184 Shares held by it which Opulent has undertaken to take up under the Open Offer;
  - (c) 27,500,618 underlying Shares falling to be issued to Opulent upon the exercise of the subscription rights attaching to the 27,500,618 Bonus Warrants held by Opulent;
  - (d) 27,500,618 Offer Shares falling to be issued to Opulent in respect of the 27,500,618 underlying Shares held by it upon the exercised of the Bonus Warrants held by Opulent; and
  - (e) 693,917,246 Offer Shares underwritten by Opulent pursuant to the Underwriting Agreement, assuming that all the outstanding Vested Share Options and the Bonus Warrant (other than those held by Dr. Yu) are exercised on or before the Record Date.
2. As at the Latest Practicable Date, the issue share capital of China Game and Digital Entertainment Limited was US\$10,000 divided into 1,000,000 shares of US\$0.01 each, in which the Company held 85.71% equity interest.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons other than the Directors or the chief executive of the Company who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of the SFO, or, who were expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

#### 4. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS

None of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2009 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or



leased to any member of the Group. As at the Latest Practicable Date, save for Dr. Yu's interest in the First Open Offer, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group and subsisting at the date of this Prospectus which is significant in relation to the business of the Group.

## **5. LITIGATION**

During the year ended 31 March 2008, three libel actions were brought by a company and an individual against the Group in respect of the publication of words alleged to be defamatory of and concerning the plaintiffs contained in certain articles published at the Group's website. The Directors believed that the Group had meritorious defence against such claims and accordingly, the Directors did not believe that these claims would have any material adverse effect on the Group.

As at the Latest Practicable Date, save for the above, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

## **6. DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors nor their respective associates had any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

## **7. MATERIAL CONTRACTS**

The following contracts (not being a contract entered into in the ordinary course of business) have been entered into by members of the Group within two years immediately preceding the date of this Prospectus and are or may be material:

- (a) the Underwriting Agreement;
- (b) Irrevocable Undertakings;
- (c) the underwriting agreement dated 29 April 2009 entered into between the Company and Opulent in relation to the First Open Offer;
- (d) An irrevocable undertakings dated 29 April 2009 under which Dr. Yu has irrevocably undertaken to Opulent and the Company in relation to the First Open Offer; and
- (e) the agreement dated 24 September 2008 entered into between Huang Shouxiang, a then PRC employee of the Group (as vendor) on behalf of the Company, and Guo Yu, Cai Quoping, Liu Xiaoren, 杭州理想投資管理有限公司 (Hangzhou Lixiang Investment Management Limited\*) (as purchasers) in relation to the disposal of Hangzhou Tianchang Network Technology Company Limited (杭州天暢網絡科技有限公司), a wholly-owned subsidiary of a non wholly-owned subsidiary of the

\* for identification purpose only

Company at a consideration of RMB20.0 million (approximately HK\$23.0 million). The purchasers are third parties independent of the Group and its connected persons (as defined in the GEM Listing Rules).

Save as disclosed above, there are no other contracts (not being contracts in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) entered into after the date falling two years prior to the date of this Prospectus, which are or may be material.

## **8. EXPERTS AND CONSENTS**

- (a) The following are the qualifications of the experts who have given their opinions and advice which are included in this Prospectus:

<b>Name</b>	<b>Qualification</b>
HLB Hodgson Impey Cheng ("HLB")	Chartered Accountants Certified Public Accountants

- (b) HLB does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) HLB has not withdrawn its written consent to the issue of this Prospectus with the inclusion of the references to its name and/or its opinion in the form and context in which they are included.
- (d) HLB does not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 March 2009, the date to which the latest published audited financial statements of the Group were made up.

## **9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection on any business day from the date of this Prospectus up to and including 30 November 2009 during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays and public holidays) at the principal office of the Company at Suite 505–506, 5th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central, Hong Kong:

- (a) the memorandum and articles of association of each of the Underwriter and the Company;
- (b) the material contracts referred to under the paragraph headed "MATERIAL CONTRACTS" in this Appendix III and the respective circular (if applicable) in relation to the material contracts;

- (c) the annual reports of the Company for the three financial years ended 31 March 2009;
- (d) the accountants' report from HLB on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this Prospectus;
- (e) the consent letter from HLB referred to in the paragraph headed "EXPERTS AND CONSENTS" in this Appendix III; and
- (f) the Circular.

#### 10. DOCUMENTS DELIVERED TO THE REGISTRARS OF COMPANIES

A copy of the Prospectus Documents and the written consent from HLB has been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance.

#### 11. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

##### Executive Directors

**DR. YU GANG, GEORGE**, aged 44, serves as the chairman, chief executive officer, and compliance officer of the Group and is responsible for leading the Group's overall strategic planning and development. Prior to joining the Group in December 1999, Dr. Yu had gathered years of banking experience when he was with Goldman Sachs (Asia) L.L.C. in Hong Kong and J.P. Morgan Securities, Inc. in New York. Dr. Yu later joined the University of Hong Kong as an Assistant Professor of Finance for three years. Dr. Yu graduated with a Ph.D. degree in Finance from the Stern School of Business, New York University in the U.S. in 1993, a master's degree in Economics from the State University of New York in the U.S. in 1988, and a bachelor's degree in Mathematics from Sichuan University in the PRC in 1985.

**MR. LIN PENG, BEN**, aged 43, serves as the chief operating officer of the Group and responsible for the Group's daily operations. Mr. Lin has over 16 years of experience in banking and finance industry. Before joining the Group in January 2009, Mr. Lin had spent 8 years worked with Infocast Limited, a leading financial service provider, as their chief financial officer. Prior to joining Infocast Limited, Mr. Lin had worked for Min Xin Holdings Limited, a banking listed company in Hong Kong, and Vigour Fine Company Limited, an international financial investment company. Mr. Lin has extensive multi-national knowledge and practice in corporate finance, merger and acquisition, portfolio management, syndicated loan and bond issuance as well as financial servicing industry. Mr. Lin was educated both in PRC and North America. Mr. Lin graduated from Ivey School of Business, University of Western Ontario with MBA degree in 2000, and also graduated from Xiamen University in PRC in 1989 with Bachelor degree in Finance.

**Independent Non-Executive Directors and Audit Committee of the Company**

**DR. LAM LEE G.**, aged 50, has been an independent non-executive director of the Group since April 2003. Dr. Lam holds a Bachelor of Science in Mathematics and Sciences, a Master of Science in Systems Science, and a Master of Business Administration, all from the University of Ottawa in Canada, a Post-graduate Diploma in Public Administration from Carleton University in Canada, a Postgraduate Diploma in English and Hong Kong Law and a Bachelor of Law (Hons) from Manchester Metropolitan University in the U.K., a PCLL in law (and has completed the Bar Course) from the City University of Hong Kong, and a Doctor of Philosophy from the University of Hong Kong. Dr. Lam has over 26 years of multinational general management, corporate governance, investment banking, and direct investment experience. A member of the Hong Kong Bar with a focus on corporate, commercial and financial law, Dr. Lam is Chairman of Monte Jade Science and Technology Association of Hong Kong, and serves as an independent or non-executive director of a number of publicly-listed companies in the Asia Pacific region. Having served as a Part-time Member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region for two terms, Dr. Lam is a Member of the Jilin Province Committee of the Chinese People's Political Consultative Committee (CPPCC), a Member of the Hong Kong Institute of Bankers, a Board Member of the East-West Center Foundation, a Member of the Young Presidents' Organization, a Fellow of the Hong Kong Institute of Directors and a Member of its Corporate Governance Committee, a Member of the General Council and the Corporate Governance Committee of the Chamber of Hong Kong Listed Companies, and a Visiting Professor at the School of Economics & Management of Tsinghua University in Beijing. He is a member of the Company's audit committee and chairman of the remuneration committee.

**MR. WU TAK LUNG**, aged 44, an independent non-executive director since February 2004, is currently a director and Head of Investment Banking of CSC Asia Limited. Mr. WU is also an independent non-executive director of China Water Industry Group Limited, Aupu Group Holding Company Limited, Neo-Neon Holdings Limited and iMerchants Limited and RBI Holdings Limited, all of which are listed on the Stock Exchange. Mr. Wu had worked in an international audit firm, Deloitte Touche Tohmatsu for five years, and was then employed by several listed and private companies in Hong Kong as head of corporate finance, chief financial officer and executive director. Mr. Wu obtained a master's degree in Business Administration jointly awarded by the University of Manchester and the University of Wales. Mr. Wu is a fellow member of the Association of Chartered Certified Accountants (ACCA), Hong Kong Institute of Chartered Secretaries (HKICS) and the Taxation Institute of Hong Kong (TIHK). He is also a full member of the Hong Kong Securities Institute (HKSI) and an associate member of the Hong Kong Institute of Certified Public Accountants (HKICPA). He is the chairman of the Company's audit committee.

**MR. LAM KA WAI, GRAHAM**, aged 41, graduated from the University of Southampton, England with a Bachelor of Science degree in Accounting and Statistics. He is a member of Hong Kong Institute of Certified Public Accountants and a member

of the American Institute of Certified Public Accountants. Mr. Lam is currently a Managing Director and Head of Corporate Finance of an investment bank and has around 15 years experience in investment banking as well as around 4 years experience in accounting and auditing. He is also the independent non-executive director of Cheuk Nang (Holdings) Limited (stock code: 131), Applied Development Holdings Limited (stock code: 519), China Fortune Group Limited (stock code: 290), ZZNode Technologies Company Limited (stock code: 2371), China Sonangol Resources Enterprise Limited (stock code: 1229) and Pearl Oriental Innovation Limited (stock code: 632), companies listed on the Main Board of The Stock Exchange of Hong Kong Limited; and China Railway Logistics Limited (stock code: 8089), a company listed on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

### Senior Management

**MS. NGAI FUNG KING, CARRIE**, aged 41, is the director of finance and administration and company secretary of the Group, responsible for the Group's financial control, human resources management and corporate affairs. Ms. Ngai has over 16 years of experience in accounting, financial management and corporate secretarial work. She was with Coopers & Lybrand (now PricewaterhouseCoopers) for three years and worked as group chief accountant in The Swank Shop Limited from 1995 to 1999. Before joining the Group, Ms. Ngai spent two years with Christie's as the financial controller in Asia. Ms. Ngai received a professional diploma in Accountancy from Hong Kong Polytechnics in 1990. She is a fellow member of The Association of Chartered Certified Accountants.

**MR. JI DONG** aged 41, is general manager of the Finet Shenzhen company and responsible for Shenzhen company's daily operations. Mr. Ji has over 18 years of experience in banking industry. Before joining the Group in August 2009, Mr. Ji had spent 2 years worked with Standard Chartered Bank (China) Ltd. ("SCB"), as their SME transaction banking regional manager to cover south and west region in China. Prior joining SCB Mr. Ji had worked for China Everbright Bank for 4 years and China Merchants Bank for 10 years and China Construction Bank for 2 years. Mr. Ji has extensive multi-national knowledge and practice in corporate finance, trade finance, foreign exchange, cash management, portfolio management, syndicated loan, SME banking and branch management. Mr. Ji was educated in PRC. Mr. Ji graduated from South and West University of Finance and Economics with Master degree in Finance in 2000, and also graduated from Shanghai University of Finance and Economics in PRC in 1990 with Bachelor degree in Finance.

**MS. SIU WING KEI, QUEENIE**, aged 35, is the vice president of the Group and the chief executive officer of China Game, the Group's online game subsidiary. Ms. Siu held various senior management roles in corporate development, investor relations and marketing at the Group from 2005 to 2007. She participated in the Group's key corporate development activities including strategic planning, M&As and fund-raising. Prior to joining the Group, Ms. Siu spent about three years with Sino-i Technology Limited, a company listed in Hong Kong, as the marketing director and web business director of its China-based information services arm in Beijing. Ms. Siu graduated with

a Master's degree in Commerce (Management of Technology) and a Master's degree in Logistics Management from the University of Sydney, Australia simultaneously in 2003.

**MR. LI YAN QING**, aged 37, is the president of China Game, the Group's online game subsidiary. Prior to joining China Game, Mr. Li founded T2CN Group, now a brand-name online game company in China, in 2003 and served as its president, where he led the operations and development of a number of reputable online games, including "Freestyle", "Neosteam" and "House of Flying Daggers". Mr. Li joined the online game joint venture of Sina.com and NCSoft Corporation in 2002 as the vice president and marketing director, responsible for the game operations of "Lineage", one of the most popular online games from Korea. He joined Netease.com Inc. as operations director in Shanghai to operate "Westward Journey II", one of the most successful games in China, "Priston Tale" and more other online games. Back in 1999, Mr. Li founded the largest PC game information portal, [www.ali213.net](http://www.ali213.net). Mr. Li graduated with a bachelor degree in Clinical Medicine from Zhejiang University in 1996.

**MR. ZHANG CHENG, AUGUST**, aged 30, joined China game, the Group's online game subsidiary, as the chief technology officer in 2009. Mr. Zhang held a variety of senior roles in art and project coordination at EA Pandemic Los Angeles from 2007 to early 2009. During his tenure at EA Pandemic, Mr. Zhang successfully released a multi-platform triple A title game, "Lord of the Rings: Conquest", and also provided significant art and design support to the projects of "Mercenaries 2" and "Saboteur". Prior to that, he served at Groove in Toronto, Canada as the senior artist of "KungFu Deadly Arts" for approximately one year. In 2004 to 2006, Mr. Zhang worked in Germany and served as the team leader at Acony Games, the subsidiary of world-renowned Crytek, where he coordinated the team to leverage on such state-of-the-art engines as Cry engine and Unreal3 engine during the production of "Parabellum". Back in 2003 and 2004, Mr. Zhang was the art director at T2CN Group where he oversaw the art presentation of the group's MMORPG games for the China market. Mr. Zhang started his career in online games by founding DongYuan Animation Studio in China in 2001 to provide the outsourcing of artwork to online game developers including "Xian Jian Qi Xia Zhuan 3" for Taiwan-based Softstar.



## 12. PARTIES INVOLVED IN THE OPEN OFFER AND CORPORATE INFORMATION

<b>Head office and principle place of business in Hong Kong</b>	Suite 505–506, 5th Floor, Low Block Grand Millennium Plaza 181 Queen’s Road Central Hong Kong
<b>Registered office</b>	Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
<b>Underwriter</b>	Opulent Oriental International Limited P.O. Box 957 Offshore Incorporation Centre Road Town Tortola British Virgin Islands
<b>Legal advisers</b>	<i>On Hong Kong law</i> Stephenson Harwood & Lo 35th Floor, Bank of China Tower 1 Garden Road Central, Hong Kong  <i>On Cayman Islands law</i> Conyers Dill & Pearman 2901 One Exchange Square 8 Connaught Place Central, Hong Kong
<b>Auditors</b>	HLB Hodgson Impey Cheng <i>Chartered Accountants</i> <i>Certified Public Accountants</i> 31/F, Gloucester Tower The Landmark, 11 Pedder Street Central, Hong Kong
<b>Principal banker</b>	The Hongkong and Shanghai Banking Corporation Limited Level 10, HSBC Main Building 1 Queen’s Road Central Hong Kong

**Share registrars and transfer office**

*Principal share registrar*  
 Butterfield Fulcrum Group (Cayman)  
 Limited  
 Butterfield House  
 68 Fort Street, P.O. Box 705  
 Grand Cayman KY1-1107  
 Cayman Islands

*Hong Kong branch share registrar*  
 Computershare Hong Kong Investor  
 Services Limited  
 Rooms 1712–1716, 17th Floor  
 Hopewell Centre  
 183 Queen's Road East  
 Hong Kong

**Authorised representatives**

Dr. YU Gang, George  
 Ms. NGAI Fung King, Carrie

**Company secretary**

Ms. NGAI Fung King, Carrie *FCCA*

**Qualified accountant**

Ms. NGAI Fung King, Carrie *FCCA*

**Particulars of Directors****Name****Correspondence Address**

Dr. YU Gang, George  
*(Executive Director)*

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 Grand Millennium Plaza  
 181 Queen's Road Central  
 Hong Kong

Mr. Lin Peng, Ben  
*(Executive Director)*

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 Grand Millennium Plaza  
 181 Queen's Road Central  
 Hong Kong

Dr. LAM Lee G.  
*(Independent Non-executive Director)*

Suite 505–506, 5th Floor, Low Block  
 Grand Millennium Plaza  
 181 Queen's Road Central  
 Hong Kong

Mr. WU Tak Lung  
*(Independent Non-executive Director)*

Suite 505–506, 5th Floor, Low Block  
 Grand Millennium Plaza  
 181 Queen's Road Central  
 Hong Kong



Name	Correspondence Address
Mr. LAM Ka Wai, Graham <i>(Independent Non-executive Director)</i>	Suite 505–506, 5th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong

**Particulars of Senior Management**

Name	Correspondence Address
Ms. Ngai Fung King, Carrie	Suite 505–506, 5th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Mr. Ji Dong	Suite 505–506, 5th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Ms. Siu Wing Kei, Queenie	Suite 505–506, 5th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Mr. Li Yan Qing	Suite 505–506, 5th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Mr. Zhang Cheng, August	Suite 505–506, 5th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong

**13. MISCELLANEOUS**

The English text of this Prospectus shall prevail over their Chinese text in case of inconsistencies.