



財華社
FINET

FINET GROUP LIMITED

財華社集團有限公司

(incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock code: 08317)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

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

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

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

Hong Kong Exchange and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

*This announcement, for which the directors (the “**Directors**”) of Finet Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with The Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in this announcement misleading.*

RESULTS HIGHLIGHTS

- The Group reported a turnover of approximately HK\$13,119,000 for the six months ended 30 September 2013, representing a decrease of approximately 10% from approximately HK\$14,550,000 (as restated) for the same period in 2012.
- The Group's unaudited consolidated loss attributable to owners of the Company for the six months ended 30 September 2013 was approximately HK\$4,895,000.
- The Board does not recommend the payment of dividend for the six months ended 30 September 2013.

The board of Directors (the “**Board**”) is pleased to present the unaudited results of the Group for the three months and six months ended 30 September 2013, together with the comparative unaudited figures for the corresponding period in 2012 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2013

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2013 HK\$'000	2012 HK\$'000 (restated)	2013 HK\$'000	2012 HK\$'000 (restated)
Revenue	3	6,221	7,484	13,119	14,550
Cost of sales		<u>(2,833)</u>	<u>(2,639)</u>	<u>(4,666)</u>	<u>(5,029)</u>
Gross profit		3,388	4,845	8,453	9,521
Other income and gains	3	576	12,629	6,608	13,595
Selling and marketing expenses		(121)	(90)	(238)	(180)
General and administrative expenses		(9,431)	(9,964)	(20,650)	(20,512)
Other operating expenses	5	—	(4,000)	—	(4,000)
Finance costs	6	(152)	(181)	(316)	(365)
(Loss)/profit before income tax expenses	7	(5,740)	3,239	(6,143)	(1,941)
Income tax expenses	8	6	(35)	(31)	(111)
(Loss)/profit for the period		<u>(5,734)</u>	<u>3,204</u>	<u>(6,174)</u>	<u>(2,052)</u>
(Loss)/profit attributable to:					
Owners of the Company		(4,968)	3,204	(4,895)	(2,052)
Non-controlling interests		(766)	—	(1,279)	—
		<u>(5,734)</u>	<u>3,204</u>	<u>(6,174)</u>	<u>(2,052)</u>
(Loss)/profit for the period		(5,734)	3,204	(6,174)	(2,052)
Other comprehensive income:					
Fair value (loss)/gain on available-for-sale financial assets		(35)	(46)	58	(68)
Currency translation differences		4	(19)	(4)	—
Other comprehensive income for the period		<u>(31)</u>	<u>(65)</u>	<u>54</u>	<u>(68)</u>
Total comprehensive income for the period		<u>(5,765)</u>	<u>3,139</u>	<u>(6,120)</u>	<u>(2,120)</u>
Attributable to:					
Owners of the Company		(4,999)	3,139	(4,841)	(2,120)
Non-controlling interests		(766)	—	(1,279)	—
		<u>(5,765)</u>	<u>3,139</u>	<u>(6,120)</u>	<u>(2,120)</u>
(Loss)/earnings per share for (loss)/profit attributable to the owners of the Company during the period	10				
— Basic (in HK Cent)		<u>(1.13)</u>	<u>0.73</u>	<u>(1.11)</u>	<u>(0.47)</u>
— Diluted (in HK Cent)		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2013

		Unaudited 30 September 2013 <i>Notes</i> <i>HK\$'000</i>	Audited 31 March 2013 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		3,691	4,084
Investment properties		86,800	86,800
Intangible assets		1,026	950
Statutory deposits and other assets		405	405
Available-for-sale financial assets		91	33
		92,013	92,272
Current assets			
Accounts receivable	11	4,445	18,566
Prepayments, deposits and other receivables		8,259	7,158
Tax Recoverable		6	6
Held for trading investments		1,865	70,065
Client trust bank balances		343	335
Cash and cash equivalents		89,550	19,576
		104,468	115,706
Total assets		196,481	207,978
Current liabilities			
Accounts payable	12	1,252	1,026
Accruals and other payables		6,978	6,915
Deferred income		1,369	2,029
Amount due to a related company		212	4,398
Finance lease payables — due within one year		—	37
Borrowings — due within one year	13	13,948	14,650
		23,759	29,055
Net current assets		80,709	86,651
Total assets less current liabilities		172,722	178,923

		Unaudited	Audited
		30 September	31 March
		2013	2013
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Finance lease payables — due after one year		—	—
Borrowings — due after one year	13	1,847	1,985
Deferred tax liabilities		8,961	8,961
		10,808	10,946
Net assets		161,914	167,977
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	14	4,408	4,408
Reserves		158,013	162,797
		162,421	167,205
Non-controlling interests		(507)	772
Total equity		161,914	167,977

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013

	Reserves												Total equity
	Share capital	Share premium	Merger reserve	Employee compensation reserve	Other reserve	Translation reserve	Property revaluation reserve	Investment revaluation reserve	Warrants reserve	Accumulated losses	Total reserves	Non-controlling interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2012	4,408	223,509	4,870	536	—	(319)	9,989	(1,220)	1,763	(105,751)	133,377	—	137,785
Loss for the period	—	—	—	—	—	—	—	—	—	(2,052)	(2,052)	—	(2,052)
Other comprehensive income													
Fair value loss on available-for-sale financial assets	—	—	—	—	—	—	—	(68)	—	—	(68)	—	(68)
Total other comprehensive income	—	—	—	—	—	—	—	(68)	—	—	(68)	—	(68)
Total comprehensive income	—	—	—	—	—	—	—	(68)	—	(2,052)	(2,120)	—	(2,120)
At 30 September 2012	<u>4,408</u>	<u>223,509</u>	<u>4,870</u>	<u>536</u>	<u>—</u>	<u>(319)</u>	<u>9,989</u>	<u>(1,288)</u>	<u>1,763</u>	<u>(107,803)</u>	<u>131,257</u>	<u>—</u>	<u>135,665</u>
At 1 April 2013	4,408	223,509	4,870	752	1,776	7	9,989	(1,299)	1,763	(78,570)	162,797	772	167,977
Loss for the period	—	—	—	—	—	—	—	—	—	(4,895)	(4,895)	(1,279)	(6,174)
Other comprehensive income													
Fair value gain on available-for-sale financial assets	—	—	—	—	—	—	—	58	—	—	58	—	58
Currency translation difference	—	—	—	—	—	(4)	—	—	—	—	(4)	—	(4)
Total other comprehensive income	—	—	—	—	—	(4)	—	58	—	—	54	—	54
Total comprehensive income	—	—	—	—	—	(4)	—	58	—	(4,895)	(4,841)	(1,279)	(6,120)
Employee share-based compensation	—	—	—	57	—	—	—	—	—	—	57	—	57
At 30 September 2013	<u>4,408</u>	<u>223,509</u>	<u>4,870</u>	<u>809</u>	<u>1,776</u>	<u>3</u>	<u>9,989</u>	<u>(1,241)</u>	<u>1,763</u>	<u>(83,465)</u>	<u>158,013</u>	<u>(507)</u>	<u>161,914</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW*For the six months ended 30 September 2013*

	For the six months ended 30 September	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash inflow/(outflow) from operating activities	75,740	(21,001)
Net cash outflow from investing activities	(704)	(1,460)
Net cash outflow from financing activities	(5,071)	(909)
Net increase/(decrease) in cash and cash equivalents	69,965	(23,370)
Cash and cash equivalents, at beginning of period	19,576	41,136
Effect of foreign exchange rate changes, net	9	—
Cash and cash equivalents, at end of period	89,550	17,766
Analysis of balances of cash and cash equivalents:		
Cash and cash equivalents	89,550	17,766

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 and retail clients in Hong Kong and Greater China; (ii) media business; (iii) the securities and futures business that specializes in the provision of online securities and futures trading; (iv) money lending business; and (v) property investments. The principal activity of the Company is investment holding.

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands. On 16 June 2011, the Company was deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda. The Company’s registered office is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company’s principal place of business is situated at 30/F, Fortis Tower, 77–79 Gloucester Road, Wanchai, Hong Kong.

The Company’s parent is Maxx Capital International Limited, which is wholly owned by Pablos International Limited. The ultimate controlling party is Ms. LO Yuk Yee, the chairman and executive director of the Company, through her ownership in Pablos International Limited.

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.

The unaudited condensed 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 8 November 2013.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the GEM Listing Rules.

The principal accounting policies and methods of computation used in the preparation of these accounts are consistent with those adopted in the preparation of the annual report of the Company for the year ended 31 March 2013.

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets and held for trading investments, which are carried at fair value.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual report, and should be read in conjunction with the Group’s annual report for the year ended 31 March 2013.

3. REVENUE AND OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents total invoiced value of goods supplied and services rendered. Revenue and other income and gains recognised during the period is as follows:

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2013 HK\$'000	2012 HK\$'000 (restated)	2013 HK\$'000	2012 HK\$'000 (restated)
Revenue				
Service income from provision of financial information services	4,212	4,930	8,954	9,709
Advertising, investor relationship and branding promotion and communication services income	686	1,000	1,146	1,961
Brokerage commission and service income	1	237	3	365
Loan interest income	591	600	1,556	1,080
Rental income from investment properties	731	717	1,460	1,435
	<u>6,221</u>	<u>7,484</u>	<u>13,119</u>	<u>14,550</u>
Other income and gains				
Dividend income	—	—	89	433
Fair value gain on held for trading investments	557	11,845	6,499	11,845
Net foreign exchange gains	—	293	—	319
Management fee income	—	488	—	941
Interest income	2	2	3	10
Others	17	1	17	47
	<u>576</u>	<u>12,629</u>	<u>6,608</u>	<u>13,595</u>
Total income	<u><u>6,797</u></u>	<u><u>20,113</u></u>	<u><u>19,727</u></u>	<u><u>28,145</u></u>

4. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Company (the "executive Directors"). The executive Directors have reviewed the Group's internal reports in order to assess the performance and allocate resources; they have also determined the operating segments based on these reports. The executive Directors have further considered the business from product perspective and have assessed the performance of four main business segments: (i) Financial information services business; (ii) Securities and futures business; (iii) Money lending business; and (iv) Property investment.

At 30 September 2013, the Group is organized into four main operating segments:

- (i) Financial information services business — the development, production and provision of financial information services and technology solutions to corporate and retail clients in Hong Kong and Greater China, this segment also include results of the media business;
- (ii) Securities and futures business that specializes in the provision of online securities and futures trading;
- (iii) Money lending business; and
- (iv) Property investment.

Segment results for the six months ended 30 September 2013 about these businesses is as follows:

	Unaudited				
	Financial information services business <i>HK\$'000</i>	Securities and futures business <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Group <i>HK\$'000</i>
Revenue	10,100	3	1,556	1,460	13,119
Segment results	(13,142)	(1,276)	876	1,107	(12,435)
Other income and gains					6,608
Other operating expenses					—
Finance costs					(316)
Loss before income tax expenses					(6,143)
Income tax expenses					(31)
Loss for the period					(6,174)

Segment results for the six months ended 30 September 2012 about these businesses is as follows:

	Unaudited				
	Financial information services business <i>HK\$'000</i> (restated)	Securities and futures business <i>HK\$'000</i> (restated)	Money lending business <i>HK\$'000</i> (restated)	Property investment <i>HK\$'000</i> (restated)	Group <i>HK\$'000</i> (restated)
Revenue	11,670	365	1,080	1,435	14,550
Segment results	(12,011)	(1,525)	1,008	1,357	(11,171)
Other income and gains					13,595
Other operating expenses					(4,000)
Finance costs					(365)
Loss before income tax expenses					(1,941)
Income tax expenses					(111)
Loss for the period					(2,052)

The segment assets and liabilities at 30 September 2013 are as follows:

	Unaudited				Group <i>HK\$'000</i>
	Financial information services business <i>HK\$'000</i>	Securities and futures business <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	
Assets	<u>97,814</u>	<u>9,244</u>	<u>2,459</u>	<u>86,964</u>	<u>196,481</u>
Liabilities	<u>8,892</u>	<u>383</u>	<u>—</u>	<u>25,292</u>	<u>34,567</u>

The segment assets and liabilities at 31 March 2013 are as follows:

	Audited				Group <i>HK\$'000</i>
	Financial information services business <i>HK\$'000</i>	Securities and futures business <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	
Assets	<u>94,171</u>	<u>9,418</u>	<u>17,190</u>	<u>87,199</u>	<u>207,978</u>
Liabilities	<u>9,679</u>	<u>440</u>	<u>3,819</u>	<u>26,063</u>	<u>40,001</u>

5. OTHER OPERATING EXPENSES

Other operating expenses for the six months ended 30 September 2012 represented the sum of HK\$4,000,000 paid for full settlement of a litigation of the Company.

6. FINANCE COSTS

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interest expenses on bank borrowings				
— not wholly repayable within five years	152	173	308	349
Interest on finance lease	<u>—</u>	<u>8</u>	<u>8</u>	<u>16</u>
	<u>152</u>	<u>181</u>	<u>316</u>	<u>365</u>

7. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSES

	Unaudited			
	For the three months		For the six months	
	ended 30 September		ended 30 September	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss)/profit before income tax expenses is arrived at after charging:				
Operating lease charges				
— rental of office premises	1,526	1,365	3,270	2,732
Depreciation of property, plant and equipment	453	579	1,013	1,158
Staff costs, including directors' emoluments				
— salaries and allowances	4,866	5,554	9,839	10,911

8. INCOME TAX EXPENSES

The Company was incorporated in the Cayman Islands as an exempted company and, accordingly, was exempted from payment of Cayman Islands income tax. The Company was deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda effective on 16 June 2011. Accordingly, the Company is now exempted from payment of Bermuda income tax. The Company's subsidiaries established in the British Virgin Islands were exempted from payment of the British Virgin Islands income tax.

No Hong Kong profits tax has been provided for the three months and six months ended 30 September 2013 (2012: Nil) as the Group had no assessable profit arising in or derived from Hong Kong for the period.

The PRC income tax of approximately HK\$31,000 during the six months ended 30 September 2013 (2012: HK\$111,000) was mainly attributable to the net rental income from the investment properties of the Company in the PRC.

9. DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 30 September 2013 (2012: Nil).

10. (LOSS)/EARNINGS PER SHARE

a) Basic

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to owners of the Company for the three months and six months ended 30 September 2013 of approximately HK\$(4,968,000) and HK\$(4,895,000) respectively (three months and six months ended 30 September 2012: approximately HK\$3,204,000 and HK\$(2,052,000) respectively) and on the number of 440,818,880 shares in issue during the three months and six months ended 30 September 2013 (three months and six months ended 30 September 2012: 440,818,880 ordinary shares).

b) Diluted

No computation of diluted (loss)/earnings per share for the six months ended 30 September 2013 and 2012 and for the three months ended 30 September 2013 and 2012 since the Company's share options and warrants outstanding during those periods were anti-dilutive.

11. ACCOUNTS RECEIVABLE

		Unaudited 30 September 2013 HK\$'000	Audited 31 March 2013 HK\$'000
Accounts receivable from:			
— Clients of money lending business	(i)	1,330	15,447
— Clients of financial information services business	(ii)	3,115	3,119
— Clients of securities and futures business; brokers; dealers and clearing houses		—	—
		<u>4,445</u>	<u>18,566</u>

- (i) The credit terms granted by the Group to its customers of money lending business range from 0–90 days.
- (ii) The credit terms granted by the Group to its customers of financial information services business range from 14 days to 90 days. An aging analysis of accounts receivable as at the end of the reporting period is as follows:

	Unaudited 30 September 2013 HK\$'000	Audited 31 March 2013 HK\$'000
0–30 days	936	1,490
31–60 days	236	431
61–90 days	276	47
Over 90 days	<u>1,667</u>	<u>1,151</u>
	<u>3,115</u>	<u>3,119</u>

12. ACCOUNTS PAYABLE

	Unaudited 30 September 2013 HK\$'000	Audited 31 March 2013 HK\$'000
Accounts payable to:		
— Clients of financial information services business	909	691
— Clients of securities and futures business, brokers, dealers and clearing houses	<u>343</u>	<u>335</u>
	<u>1,252</u>	<u>1,026</u>

An aging analysis of accounts payable to clients of financial information services business as at the end of the reporting period is as follows:

	Unaudited 30 September 2013 HK\$'000	Audited 31 March 2013 HK\$'000
0–30 days	645	61
31–60 days	57	395
61–90 days	22	—
Over 90 days	185	235
	<u>909</u>	<u>691</u>

13. BANK BORROWINGS

	Unaudited 30 September 2013 HK\$'000	Audited 31 March 2013 HK\$'000
Secured bank loans	15,795	16,635
Less: Amount due within one year shown under current liabilities	<u>(13,948)</u>	<u>(14,650)</u>
Amount due after one year shown under non-current liabilities	<u>1,847</u>	<u>1,985</u>

The bank loans were secured by the investment properties with aggregate carrying values of approximately HK\$86,800,000 at 30 September 2013 (At 31 March 2013: HK\$86,800,000) and a limited guarantee in the amount of HK\$17,000,000 by each of the Company and a director of the Company.

The bank loan in Hong Kong was repayable on demand.

14. SHARE CAPITAL

	Number of ordinary shares of HK\$0.01 each	Nominal value ordinary shares HK\$'000
Authorised:		
At 1 April 2012, 31 March 2013 and 30 September 2013	<u>15,000,000,000</u>	<u>150,000</u>
Issued and fully paid:		
At 1 April 2012, 31 March 2013 and 30 September 2013	<u>440,818,880</u>	<u>4,408</u>

The owners of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

15. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Unaudited			
	For the three months		For the six months	
	ended 30 September		ended 30 September	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Management fee paid to Maxx Capital Finance Limited (<i>note i</i>)	150	—	300	—
Referral fee and interest expenses paid to Maxx Capital Finance Limited in relation to the money lending business (<i>note i</i>)	422	—	648	—
Rental paid to Cyber Feel Limited (<i>note i</i>)	<u>724</u>	<u>—</u>	<u>1,448</u>	<u>—</u>

Note:

- (i) Maxx Capital Finance Limited and Cyber Feel Limited are beneficially owned by Ms. LO, the chairman and executive director of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Group continued its Internet, Mobile and Media growth strategy, the Group further strengthened its hold on media business with focus on financial sector through the continuous development of the “FinTV” branding. The broadness and depth of programmes offered by FinTV continued to grow during the period. A studio was launched in Admiralty in June 2012 and further enhancement of the studio in terms of capacity and capability is in progress. The Group believes that the FinTV will be one of the major driver for future growth in business. To broaden its revenue bases and to better utilize its resources, the Group taps on the property investment and money lending business with satisfactory results.

Media Business

The Group mainly conducted its media business through the establishment of Xin Dai TV Limited together with a number of subsidiaries (“Xian Dai”). In addition to the production and distribution of programmes through the branding “FinTV”, Xian Dai also engaged in financial public relationship and creative advertising.

Property Investment Business

The investment properties in Hong Kong and in the PRC continued to provide stable income and positive contribution to the financial results of the Group.

Money Lending Business

In order to diversify the Group’s business, the Group commenced money lending business in May 2012 through a wholly-owned subsidiary, Finet Finance Limited.

Financial Information Service Business

With the rapidly changing business environments in Hong Kong and the PRC together with the high requirement of the investors, the Group has continued to provide investors with one-stop shop solution that includes transaction services in addition to pure data, news and analytics.

The Group has been carefully examining the ways to improve its competitive advantages and operational efficiency amid the deteriorating business environment. The Group has continued to promote the brand name of Finet as a leading financial news provider, expand its financial news distribution channels and introduce value-added services in press release, media monitoring and investor relations to its clients, which so far have been appreciated by the market. Besides, the Group has been expanding its mobile distribution channels for financial content.

The Group has been providing mobile solution to existing clients with encouraging results and has identified several mobile platform providers to distribute financial information in both the PRC and Hong Kong.

Securities and Futures Business

With the volatile situation of stock markets and keen competition, the revenue generated from securities and futures business continued to decrease and the Group entered into a conditional sale and purchase agreement (“Agreement”) on 3 June 2013 to dispose the entire equity interest in Finet Securities Limited, the major operating arm of the Group in securities and futures business. As additional time is required for the fulfillment of the conditions precedent to the Agreement, the long stop date for completion of the Agreement was extended from 3 October 2013 to 3 February 2014.

Financial Review

The Group reported a turnover of approximately HK\$13,119,000 for the six months ended 30 September 2013, representing a decrease of approximately 10% from approximately HK\$14,550,000 as restated for the same period in 2012.

During the six months ended 30 September 2013, the Group recorded cost of sales amounting to approximately HK\$4,666,000, representing a decrease of 7% from approximately HK\$5,029,000 for the same period in 2012.

Other income and gains for the six months ended 30 September 2013 included a fair value gain on held for trading investments of approximately HK\$6,499,000, interest income of approximately HK\$3,000 and dividend income of approximately HK\$89,000.

General and administrative expenses of the Group for the six months ended 30 September 2013 was approximately HK\$20,650,000 (2012: HK\$20,512,000 as restated), which represented a slight increase of approximately 1% when compared to that of last year. During the period under review, additional staff were recruited for the media business.

Finance costs for the six months ended 30 September 2013 was approximately HK\$316,000.

The Group’s unaudited consolidated loss attributable to the owners of the Company for the six months ended 30 September 2013 was approximately HK\$4,895,000 (2012: loss of HK\$2,052,000).

Other operating expenses of 2012 represented the sum of HK\$4,000,000 paid for full settlement of the litigation of the Company.

Legal Action Against a Former Chairman and Director of the Company

On 3 December 2012 and further to the statement of claim against Yu Gang, George (“YU”), a former chairman and director of the Company, issued on 14 June 2012, the Group issued an amended statement of claim against YU for breaches of the fiduciary duties during his directorship: (i) without any or any proper authorization, YU embezzled a total sum of RMB3,238,015.30 from the Company in relation to the unauthorized and unlawful remittances made to YU’s personal bank account, purportedly for settlement of expenses for certain PRC subsidiaries of the Group; and (ii) unlawfully caused the transfer from the PRC subsidiary to his own bank account, a total sum of RMB721,000, which was meant to be paid to that subsidiary by a client of that subsidiary. The Company claims for: (i) repayment of RMB3,238,015.30 and RMB721,000; (ii) account to the Company for all profits made or benefits received; (iii) damages; (iv) interest; (v) costs; and (vi) further or other relief.

Liquidity and Financial Resources

At 30 September 2013, the net current assets of the Group was approximately HK\$80,709,000 (At 31 March 2013: HK\$86,651,000); the total equity of the Group was approximately HK\$161,914,000 (At 31 March 2013: HK\$167,977,000); the cash and bank deposits of the Group was approximately HK\$89,550,000 (At 31 March 2013: HK\$19,576,000).

Capital Structure

At 30 September 2013, the Group had total outstanding bank borrowings of approximately of HK\$15,795,000 (At 31 March 2013: HK\$16,635,000).

Charges of Assets

At 30 September 2013, the Group's investment properties and an aggregate carrying value of approximately HK\$86,800,000 (At 31 March 2013: HK\$86,800,000) were pledged as securities for the borrowing facilities of the Group.

Gearing Ratio

The Group's gearing ratio, representing total borrowings divided by total equity, was approximately 10% as at 30 September 2013 (At 31 March 2013: approximately 10%).

Significant Investments Held

At 30 September 2013, the Group held available-for-sale financial assets of approximately HK\$91,000 (At 31 March 2013: HK\$33,000) and held for trading investments of approximately HK\$1,865,000 (At 31 March 2013: HK\$70,065,000). During the period under review, with an increase in the market price, securities held for trading investments had resulted in fair value gain of approximately HK\$6,499,000.

Exposure to Fluctuation in Exchange Rates

The Group holds investment properties in Renminbi and available-for-sales financial assets in Japanese Yen. The Group is therefore exposed to currency risks, as the value of the assets will fluctuate due to change in exchange rates. The risk of currency exposure is considered to be insignificant by the Directors and specific hedges may be taken out if necessary in the future.

Contingent Liabilities

At 30 September 2013, the Group had no significant contingent liabilities.

Employee Information

At 30 September 2013, the Group had 101 (At 31 March 2013: 108) full-time employees in Hong Kong and the PRC.

The total staff costs (including Directors' remuneration) for the six months ended 30 September 2013 was approximately HK\$9,896,000 (2012: HK\$10,911,000). Other benefits provided by the Group to the employees include contribution to the mandatory provident fund under the Mandatory Provident Fund Schemes Ordinance and medical coverage.

The Group has adopted a share option scheme on 16 December 2004 to recognize the contributions of its employees to the growth of the Group. In addition, annual review of remuneration of its employees have been put in place with reference to the Group's performance, individual's performance, and market conditions.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 September 2013, 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 (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept under section 352 of the SFO) or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in the shares and underlying shares of the Company and its associated corporations

Name of Director	Name of Group member/associated corporations	Number of shares and capacity in which the shares were held		Number of underlying shares and capacity in which the shares were held		Total number of shares	% of shares in issue (Note 2)
		Beneficial owner	Interest of controlled corporation	Beneficial owner	Interest of controlled corporation		
Executive Director:							
Ms. LO Yuk Yee ("Ms. LO")	The Company	—	278,439,784 (Note 1)	—	—	278,439,784	63.16%
Ms. LO	Maxx Capital International Limited ("Maxx Capital") (Note 1)	—	2 shares of US\$1 each	—	—	2 shares of US\$1 each	100%
Ms. LO	Pablos International Limited ("Pablos") (Note 1)	1,000 shares of US\$1 each	—	—	—	1,000 shares of US\$1 each	100%
Mr. Chow Wing Chau ("Mr. CHOW")	The Company	—	—	500,000	—	500,000	0.11%
Mr. Yiu Wing Hei ("Mr. YIU")	The Company	—	—	500,000	—	500,000	0.11%

Notes:

- 278,439,784 ordinary shares of HK\$0.01 each were held by Maxx Capital which was wholly-owned by Pablos, and Pablos was wholly owned by Ms. LO. Accordingly, Pablos and Ms. LO were deemed by virtue of the SFO to be interested in 278,439,784 ordinary shares of HK\$0.01 each held by Maxx Capital.
- As at 30 September 2013, the Company had 440,818,880 ordinary shares of HK\$0.01 each in issue.

Save as disclosed above, as at 30 September 2013, none of the Directors or chief executive of the Company nor their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITION IN THE SHARES OF THE COMPANY

As at 30 September 2013, so far as the Directors are aware, persons other than Directors or chief executives of the Company who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, were as follows:

Name of substantial shareholder	Number of shares and capacity in which the shares were held		Number of underlying shares and capacity in which the shares were held		Total number of shares	% of shares in issue (Note 2)
	Beneficial owner	Interest of controlled corporation	Beneficial owner	Interest of controlled corporation		
Substantial shareholders:						
Maxx Capital (Note 1)	278,439,784	—	—	—	278,439,784	63.16%
Pablos (Note 1)	—	278,439,784	—	—	278,439,784	63.16%

Notes:

- 278,439,784 ordinary shares of HK\$0.01 each were held by Maxx Capital, which was wholly-owned by Pablos and Pablos was wholly-owned by Ms. LO. Accordingly, Pablos and Ms. LO were deemed by virtue of the SFO to be interested in 278,439,784 ordinary shares of HK\$0.01 each held by Maxx Capital. Ms. LO is a director of each of Maxx Capital and Pablos.
- As at 30 September 2013, the Company had 440,818,880 ordinary shares of HK\$0.01 each in issue.

MOVEMENTS OF OPTIONS

Details of movements of the share options granted under the share option scheme adopted on 16 December 2004 (with its mandate limit refreshed at the annual general meeting of the Company held on 18 August 2011) for the period ended 30 September 2013 are as follows:

Name of grantee	Date of grant	Exercise price	Number of share options			Balance as at 30 September 2013
			Balance as at 1 April 2013	Granted during the period	Lapsed during the period	
Executive Directors:						
Mr. CHOW	30 September 2011	HK\$0.49	500,000	—	—	500,000
Mr. YIU	30 September 2011	HK\$0.49	500,000	—	—	500,000
Employees	30 September 2011	HK\$0.49	2,000,000	—	—	2,000,000
Total			3,000,000	—	—	3,000,000

Exercise period: The share options are exercisable within a period of ten years from the date of grant and subject to a vesting period, following which the share options becoming exercisable in whole or in part as stated below.

Vesting period:	6 months after 30 September 2011:	750,000
	12 months after 30 September 2011:	750,000
	18 months after 30 September 2011:	750,000
	24 months after 30 September 2011:	750,000

As at 30 September 2013, all the outstanding share options are exercisable.

OUTSTANDING UNLISTED WARRANTS

As at 30 September 2013, the Company has outstanding warrants conferring the right to subscribe up to HK\$35,441,124 in aggregate for the shares of the Company. The issue price of each such warrant was HK\$0.02 and each of such warrants entitle the holder thereof to subscribe in cash for one ordinary share of HK\$0.01 each in the capital of the Company at an initial subscription price of HK\$0.402 per ordinary share of the Company, subject to adjustment at any time for the period commencing on 30 January 2012 to 4:00 p.m. (Hong Kong time) on 29 January 2017 (or if it is not a business day, the business day immediately preceding such day). The exercise in full of the subscription rights attaching to the outstanding warrants as at 30 September 2013 will result in the issue of 88,162,000 ordinary shares of the Company.

OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS

Save as disclosed above, the Directors are not aware of other person who, as at 30 September 2013, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

COMPETING INTERESTS

None of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the six months ended 30 September 2013.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in accordance with Rule 5.28 of the GEM Listing Rules. The audit committee of the Company comprises three members who are independent non-executive directors, namely, Mr. WONG Wai Kin, Mr. SIU Siu Ling, Robert and Mr. LEUNG Chi Hung with Mr. WONG Wai Kin as the chairman thereof.

The principal duties of the audit committee of the Company are to review and supervise the financial reporting process and internal control procedures of the Group.

The unaudited condensed consolidated financial statements results of the Group for the six months ended 30 September 2013 have been reviewed by the audit committee of the Company.

DIRECTORS' INTEREST IN CONTRACTS

Except for the transactions stated in Note 15 to the unaudited condensed consolidated financial statements, no contracts of significance in relation to the Group's business to which the Group was a party and in which any of the Directors had a material interest, whether directly or indirectly, subsisted during or at the end of the six months ended 30 September 2013 or at any time during such period (2012: Nil).

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealing as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the six months ended 30 September 2013. Having made specific enquiry of all Directors, all Directors have complied with the required standard of dealings and its code of conduct regarding securities transactions throughout the six months ended 30 September 2013.

PURCHASE, SALE OR REDEMPTION BY THE COMPANY OR ANY OF ITS SUBSIDIARIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 September 2013.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (“**CG Code**”) contained in Appendix 15 to the GEM Listing Rules during the six months ended 30 September 2013, except for the following deviation:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be the same individual. During the six months ended 30 September 2013, as the post of chief executive officer was vacant, the duties of chief executive officer have been undertaken by other executive members of the Board. The Board is in the process of identifying a suitable candidate to be appointed as the chief executive officer and will make further commitment upon the appointment.

By Order of the Board
LO Yuk Yee
Chairman and executive Director

Hong Kong, 8 November 2013

As at the date of this announcement, the executive Directors are Ms. Lo Yuk Yee, Mr. Chow Wing Chau and Mr. Yiu Wing Hei; and the independent non-executive Directors are Mr. Wong Wai Kin, Mr. Siu Siu Ling, Robert and Mr. Leung Chi Hung.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the day of its posting and on the website of the Company at www.finet.hk.