



財華社  
FINET

# Finet Group Limited

(incorporated in the Cayman Islands and continued in Bermuda with limited liability)  
(Stock Code: 08317)



Interim Report  
**2011/2012**

## 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.

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*This report, 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 report 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 report misleading.*

## RESULTS HIGHLIGHTS

- The Group reported a turnover attributable to continuing operations of approximately HK\$12,746,000 for the six months ended 30 September 2011, representing a decrease of 21% from approximately HK\$16,163,000 for the same period in 2010.
- The Group's unaudited consolidated loss attributable to owners of the Company for the six months ended 30 September 2011 was approximately HK\$10,613,000.
- The Board does not recommend the payment of dividend for the six months ended 30 September 2011.

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 2011, together with the comparative unaudited figures for the corresponding period in 2010 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the three months and six months ended 30 September 2011*

	Notes	Unaudited For the three months ended 30 September		Unaudited For the six months ended 30 September	
		2011 HK\$'000	2010 HK\$'000 (restated)	2011 HK\$'000	2010 HK\$'000 (restated)
<b>Continuing operations</b>					
Revenue	2	6,380	8,864	12,746	16,163
Cost of sales		(2,288)	(2,748)	(4,577)	(4,838)
<b>Gross profit</b>		<b>4,092</b>	6,116	<b>8,169</b>	11,325
Other income and gains	2	908	1,083	1,379	1,990
Selling and marketing expenses		(515)	(94)	(605)	(184)
General and administrative expenses		(16,192)	(13,032)	(19,453)	(21,244)
Finance costs	4	(43)	(52)	(73)	(103)
<b>Loss before income tax expenses</b>	5	<b>(11,750)</b>	(5,979)	<b>(10,583)</b>	(8,216)
Income tax expenses	6	(15)	(15)	(30)	(30)
<b>Loss for the period from continuing operations</b>		<b>(11,765)</b>	(5,994)	<b>(10,613)</b>	(8,246)
<b>Discontinued operation</b>					
Loss for the period from discontinued operation		–	(4,601)	–	(8,332)
<b>Loss for the period</b>		<b>(11,765)</b>	(10,595)	<b>(10,613)</b>	(16,578)
<b>Attributable to:</b>					
Owners of the Company		(11,765)	(9,937)	(10,613)	(15,387)
Non-controlling interests		–	(658)	–	(1,191)
		<b>(11,765)</b>	(10,595)	<b>(10,613)</b>	(16,578)

	Unaudited For the three months ended 30 September		Unaudited For the six months ended 30 September	
	2011 HK\$'000	2010 HK\$'000 (restated)	2011 HK\$'000	2010 HK\$'000 (restated)
<b>Loss for the period</b>	<b>(11,765)</b>	(10,595)	<b>(10,613)</b>	(16,578)
<b>Other comprehensive income:</b>				
Fair value (loss)/gain on available-for-sale financial assets	(319)	397	(309)	333
Currency translation differences	(38)	178	(15)	167
<b>Other comprehensive income for the period</b>	<b>(357)</b>	575	<b>(324)</b>	500
<b>Total comprehensive income for the period</b>	<b>(12,122)</b>	(10,020)	<b>(10,937)</b>	(16,078)
<b>Attributable to:</b>				
Owners of the Company	(12,122)	(9,467)	(10,937)	(14,992)
Non-controlling interests	–	(553)	–	(1,086)
	<b>(12,122)</b>	(10,020)	<b>(10,937)</b>	(16,078)
<b>Loss per share for loss attributable to the owners of the Company during the period</b>				
From continuing operations				
– Basic and diluted ( <i>in HK cent</i> ) 8(a)	(2.67)	(2.93)	(2.34)	(4.04)
From discontinued operation				
– Basic and diluted ( <i>in HK cent</i> ) 8(b)	–	(1.93)	–	(3.50)
	<b>(2.67)</b>	(4.86)	<b>(2.34)</b>	(7.54)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2011

		<b>Unaudited 30 September 2011 HK\$'000</b>	Audited 31 March 2011 HK\$'000
	<i>Notes</i>		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>3,539</b>	3,911
Investment properties		<b>25,848</b>	25,848
Intangible assets		<b>950</b>	950
Statutory deposits and other assets		<b>405</b>	405
Available-for-sale financial assets		<b>175</b>	484
		<b>30,917</b>	31,598
<b>Current assets</b>			
Accounts receivable	9	<b>6,266</b>	6,680
Prepayments, deposits and other receivables		<b>9,582</b>	8,308
Held for trading investments		<b>30,924</b>	30,879
Client trust bank balances		<b>6,279</b>	9,145
Cash and cash equivalents		<b>94,615</b>	20,106
		<b>147,666</b>	75,118
<b>Current liabilities</b>			
Accounts payable	10	<b>10,697</b>	14,664
Accruals and other payables		<b>8,794</b>	8,822
Deferred income		<b>2,995</b>	1,827
Finance lease payables – due within one year		<b>146</b>	345
Borrowings – due within one year	11	<b>249</b>	249
		<b>22,881</b>	25,907
<b>Net current assets</b>		<b>124,785</b>	49,211
<b>Total assets less current liabilities</b>		<b>155,702</b>	80,809

		<b>Unaudited 30 September 2011 HK\$'000</b>	Audited 31 March 2011 HK\$'000
	<i>Notes</i>		
<b>Non-current liabilities</b>			
Finance lease payables – due after one year		<b>109</b>	177
Borrowings – due after one year	11	<b>2,391</b>	2,514
Deferred tax liabilities		<b>6,870</b>	6,870
		<hr/> <b>9,370</b> <hr/>	<hr/> 9,561 <hr/>
<b>Net assets</b>		<b>146,332</b>	71,248
		<hr/> <b>146,332</b> <hr/>	<hr/> 71,248 <hr/>
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	12	<b>4,408</b>	22,041
Reserves		<b>141,924</b>	49,207
		<hr/> <b>146,332</b> <hr/>	<hr/> 71,248 <hr/>
<b>Non-controlling interests</b>		<hr/> – <hr/>	<hr/> – <hr/>
<b>Total equity</b>		<b>146,332</b>	71,248
		<hr/> <b>146,332</b> <hr/>	<hr/> 71,248 <hr/>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2011

	Share capital	Share premium	Merger reserve	Share option reserve	Translation reserve	Unaudited			Total reserves	Non-controlling interests	Total equity
						Property revaluation reserve	Investment revaluation reserve	Accumulated losses			
	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 2010	18,373	199,393	4,870	1,745	2,473	9,989	(1,064)	(152,971)	64,435	1,200	84,008
Fair value gain:											
– Available-for-sales financial assets	-	-	-	-	-	-	333	-	333	-	333
Issue of shares upon exercise of bonus warrants	15	119	-	-	-	-	-	-	119	-	134
Issue of shares upon exercise of share options	3	33	-	-	-	-	-	-	33	-	36
Currency translation differences	-	-	-	-	139	-	-	-	139	28	167
Vested share options lapsed/cancelled	-	-	-	(1,745)	-	-	-	1,745	-	-	-
Loss for the period	-	-	-	-	-	-	-	(15,387)	(15,387)	(1,191)	(16,578)
<b>At 30 September 2010</b>	<b>18,391</b>	<b>199,545</b>	<b>4,870</b>	<b>-</b>	<b>2,612</b>	<b>9,989</b>	<b>(731)</b>	<b>(166,613)</b>	<b>49,672</b>	<b>37</b>	<b>68,100</b>
At 1 April 2011	22,041	226,081	4,870	-	110	9,989	(848)	(190,995)	49,207	-	71,248
Fair value gain:											
– Available-for-sales financial assets	-	-	-	-	-	-	(309)	-	(309)	-	(309)
Issue of shares upon exercise of bonus warrants	-	2	-	-	-	-	-	-	2	-	2
Issue of shares upon open offer	88,164	(2,574)	-	-	-	-	-	-	(2,574)	-	85,590
Capital reduction	(105,797)	-	-	-	-	-	-	105,797	105,797	-	-
Currency translation differences	-	-	-	-	(15)	-	-	-	(15)	-	(15)
Equity settled share option arrangement	-	-	-	429	-	-	-	-	429	-	429
Loss for the period	-	-	-	-	-	-	-	(10,613)	(10,613)	-	(10,613)
<b>At 30 September 2011</b>	<b>4,408</b>	<b>223,509</b>	<b>4,870</b>	<b>429</b>	<b>95</b>	<b>9,989</b>	<b>(1,157)</b>	<b>(95,811)</b>	<b>141,924</b>	<b>-</b>	<b>146,332</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 September 2011

	Unaudited	
	For the six months ended	
	30 September	
	2011	2010
	HK\$'000	HK\$'000
Net cash outflow from operating activities	(11,847)	(15,250)
Net cash outflow from investing activities	(745)	(8,880)
Net cash inflow/(outflow) from financing activities	85,183	(257)
Net increase/(decrease) in cash and cash equivalents	72,591	(24,387)
Cash and cash equivalents, at beginning of period	20,106	33,681
Effect of foreign exchange rate changes, net	(65)	167
Cash and cash equivalents, at end of period	92,632	9,461
<b>Analysis of balances of cash and cash equivalents:</b>		
Cash and cash equivalents	92,632	9,461

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION OF THE ACCOUNTS

The unaudited consolidated results 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 2011.

The unaudited consolidated results of the Group for the six months ended 30 September 2011 have been reviewed by the audit committee of the Company.

### 2. 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:

#### *For the three months ended 30 September 2011*

	Continuing operations		Unaudited Discontinued operation		Total	
	For the three months ended 30 September		For the three months ended 30 September		For the three months ended 30 September	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
<b>Revenue</b>						
Service income from provision of financial information services	5,472	6,694	-	-	5,472	6,694
Advertising income	383	288	-	-	383	288
Online games income	-	-	-	-	-	-
Brokerage commission and service income	525	1,882	-	-	525	1,882
	<b>6,380</b>	<b>8,864</b>	<b>-</b>	<b>-</b>	<b>6,380</b>	<b>8,864</b>
<b>Other income and gains</b>						
Fair value gain on held for trading investments	-	719	-	-	-	719
Gross rental income from investment properties	287	282	-	-	287	282
Interest income	1	2	-	2	1	4
Dividend income	200	40	-	-	200	40
Others	420	40	-	-	420	40
	<b>908</b>	<b>1,083</b>	<b>-</b>	<b>2</b>	<b>908</b>	<b>1,085</b>
<b>Total incomes</b>	<b>7,288</b>	<b>9,947</b>	<b>-</b>	<b>2</b>	<b>7,288</b>	<b>9,949</b>

**For the six months ended 30 September 2011**

	Continuing operations		Unaudited Discontinued operation		Total	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2011	2010	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>						
Service income from provision of financial information services	11,118	13,004	-	-	11,118	13,004
Advertising income	715	677	-	-	715	677
Online games income	-	-	-	1	-	1
Brokerage commission and service income	913	2,482	-	-	913	2,482
	<b>12,746</b>	<b>16,163</b>	<b>-</b>	<b>1</b>	<b>12,746</b>	<b>16,164</b>
<b>Other income and gains</b>						
Fair value gain on held for trading investments	45	790	-	-	45	790
Gross rental income from investment properties	574	564	-	-	574	564
Interest income	1	478	-	25	1	503
Dividend income	200	40	-	-	200	40
Others	559	118	-	-	559	118
	<b>1,379</b>	<b>1,990</b>	<b>-</b>	<b>25</b>	<b>1,379</b>	<b>2,015</b>
<b>Total incomes</b>	<b>14,125</b>	<b>18,153</b>	<b>-</b>	<b>26</b>	<b>14,125</b>	<b>18,179</b>

**3. SEGMENT INFORMATION**

At 30 September 2011, 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 Hong Kong and the People's Republic of China (“**PRC**”); and
- (ii) securities and futures business that specializes in the provision of online securities and futures trading.

Segment information for the six months ended 30 September 2011 about these businesses is as follows:

	Unaudited		
	Financial information services business <i>HK\$'000</i>	Securities and futures business <i>HK\$'000</i>	Group <i>HK\$'000</i>
<b>Revenue</b>	<b>11,833</b>	<b>913</b>	<b>12,746</b>
Segment results	<b>(10,972)</b>	<b>(917)</b>	<b>(11,889)</b>
Other income and gains			<b>1,379</b>
Finance costs			<b>(73)</b>
<b>Loss before income tax expenses</b>			<b>(10,583)</b>
Income tax expenses			<b>(30)</b>
<b>Loss for the period</b>			<b>(10,613)</b>

Segment information for the six months ended 30 September 2010 about these businesses together with the discontinued online game business is as follows:

	Unaudited		Discontinued operation		
	Continuing operations Financial information services business <i>HK\$'000</i>	Securities and futures business <i>HK\$'000</i>	Sub total <i>HK\$'000</i>	Online game business <i>HK\$'000</i>	Group <i>HK\$'000</i>
<b>Revenue</b>	13,681	2,482	16,163	1	16,164
Segment results	(9,044)	(1,059)	(10,103)	(8,357)	(18,460)
Other income and gains					2,015
Finance costs					(103)
<b>Loss before income tax expenses</b>					<b>(16,548)</b>
Income tax expenses					<b>(30)</b>
<b>Loss for the period</b>					<b>(16,578)</b>

#### 4. FINANCE COST

For the three months ended 30 September 2011

	Continuing operations		Unaudited Discontinued operation		Total	
	For the three months ended 30 September		For the three months ended 30 September		For the three months ended 30 September	
	2011	2010	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest expenses on bank borrowings – not wholly repayable within five years	27	30	–	–	27	30
Interest on a finance lease	16	22	–	–	16	22
	<b>43</b>	<b>52</b>	<b>–</b>	<b>–</b>	<b>43</b>	<b>52</b>

For the six months ended 30 September 2011

	Continuing operations		Unaudited Discontinued operation		Total	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2011	2010	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest expenses on bank borrowings – not wholly repayable within five years	55	60	–	–	55	60
Interest on a finance lease	18	43	–	–	18	43
	<b>73</b>	<b>103</b>	<b>–</b>	<b>–</b>	<b>73</b>	<b>103</b>

**5. LOSS BEFORE INCOME TAX EXPENSES**  
*For the three months ended 30 September 2011*

	Continuing operations		Unaudited Discontinued operation		Total	
	For the three months ended 30 September		For the three months ended 30 September		For the three months ended 30 September	
	2011	2010	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss before income tax expenses is arrived at after charging:						
Operating lease charges						
– rental of office premises	1,429	1,109	–	251	1,429	1,360
Amortization of intangible assets	–	–	–	212	–	212
Depreciation of property, plant and equipment	564	721	–	319	564	1,040
Equity settled share option arrangement	429	–	–	–	429	–
Staff costs, including directors' emoluments						
– salaries and allowances	5,541	3,933	–	1,737	5,541	5,670
	<u>5,541</u>	<u>3,933</u>	<u>–</u>	<u>1,737</u>	<u>5,541</u>	<u>5,670</u>

*For the six months ended 30 September 2011*

	Continuing operations		Unaudited Discontinued operation		Total	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2011	2010	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss before income tax expenses is arrived at after charging:						
Operating lease charges						
– rental of office premises	2,254	2,123	–	488	2,254	2,611
Amortization of intangible assets	–	–	–	396	–	396
Depreciation of property, plant and equipment	1,168	1,399	–	646	1,168	2,045
Equity settled share option arrangement	429	–	–	–	429	–
Staff costs, including directors' emoluments						
– salaries and allowances	10,674	7,737	–	3,434	10,674	11,171
	<u>10,674</u>	<u>7,737</u>	<u>–</u>	<u>3,434</u>	<u>10,674</u>	<u>11,171</u>

## 6. INCOME TAX EXPENSES

The Company and one of its former subsidiaries were incorporated in the Cayman Islands as exempted companies and, accordingly, are 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 subsidiary established in the British Virgin Islands was exempted from payment of the British Virgin Islands income tax. A former subsidiary of the Company established in the Republic of Seychelles was exempted from payment of the Republic of Seychelles income tax.

No Hong Kong profits tax has been provided for the three months and six months ended 30 September 2011 (2010: 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\$30,000 was paid during the six months ended 30 September 2011 (2010: HK\$30,000) for the net rental income from the investment properties of the Company in the PRC.

## 7. DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 30 September 2011 (2010: Nil).

## 8. LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share from continuing operations is based on the loss attributable to owners of the Company from continuing operations for the three months and six months ended 30 September 2011 approximately of HK\$11,765,000 and HK\$10,613,000 respectively (three months and six months ended 30 September 2010: approximately HK\$5,994,000 and HK\$8,246,000 respectively) and on the weighted average number of 440,818,880 shares and 453,808,473 shares respectively in issue during the three months and six months ended 30 September 2011 (three months and six months ended 30 September 2010: 204,337,853 and 204,289,200 ordinary shares respectively (restated)).

The calculation of basic loss per share from discontinued operation is based on the loss attributable to owners of the Company from discontinued operation for the three months and six months ended 30 September 2011 approximately of HK\$Nil and HK\$Nil respectively (three months and six months ended 30 September 2010: approximately HK\$3,943,000 and HK\$7,141,000 respectively and on the weighted average number of shares in issue during the three months and six months ended 30 September 2010: 204,337,853 and 204,289,200 ordinary shares respectively (restated)).

The weighted average numbers of ordinary shares in 2010 have been retrospectively adjusted for the five-to-one share consolidation which took place in May 2011 and for the open offer completed in June 2011

### (b) Diluted loss per share

Diluted loss per share for the three months and six months ended 30 September 2011 and 2010 have not been disclosed as the warrants and options have an anti-dilutive effect on the basic loss per share.

## 9. ACCOUNTS RECEIVABLE

	<b>Unaudited</b>	Audited
	<b>30 September</b>	31 March
	<b>2011</b>	2011
	<b>HK\$'000</b>	<b>HK\$'000</b>
Accounts receivable from:		
– Clients of financial information services business	<b>2,701</b>	1,321
– Clients of securities and futures business; brokers; dealers and clearing houses	<b>3,565</b>	5,359
	<b>6,266</b>	6,680
Less: Impairment allowance	–	–
	<b>6,266</b>	6,680

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:

	<b>Unaudited</b>	Audited
	<b>30 September</b>	31 March
	<b>2011</b>	2011
	<b>HK\$'000</b>	<b>HK\$'000</b>
0 – 30 days	<b>1,365</b>	933
31 – 60 days	<b>555</b>	197
61 – 90 days	<b>160</b>	2
Over 90 days	<b>621</b>	189
	<b>2,701</b>	1,321

## 10. ACCOUNTS PAYABLE

	<b>Unaudited 30 September 2011 HK\$'000</b>	Audited 31 March 2011 HK\$'000
Accounts payable to:		
– Clients of financial information services business	<b>1,386</b>	1,889
– Clients of securities and futures business, brokers, dealers and clearing houses	<b>9,311</b>	12,775
	<b>10,697</b>	14,664

An aging analysis of accounts payable as at the end of the reporting period is as follows:

	<b>Unaudited 30 September 2011 HK\$'000</b>	Audited 31 March 2011 HK\$'000
0 – 30 days	<b>1,374</b>	962
31 – 60 days	–	584
61 – 90 days	–	328
Over 90 days	<b>12</b>	15
	<b>1,386</b>	1,889

## 11. BANK BORROWINGS

	<b>Unaudited 30 September 2011 HK\$'000</b>	Audited 31 March 2011 HK\$'000
Secured bank loans	<b>2,640</b>	2,763
Less: Amount due within one year shown under current liabilities	<b>(249)</b>	(249)
Amount due after one year shown under non-current liabilities	<b>2,391</b>	2,514

The bank loans were secured by the investment properties with aggregate carrying values of approximately HK\$25,848,000 as at 30 September 2011.

## 12. SHARE CAPITAL

	Nominal value per share HK\$	Number of shares	Amount HK\$'000
<i>Authorized:</i>			
At 1 April 2010	0.05	1,000,000,000	50,000
At 31 March 2011 and 1 April 2011		1,000,000,000	50,000
Increase during the period (note 1)	0.05	2,000,000,000	100,000
Share consolidation (note2)		3,000,000,000 (2,400,000,000)	150,000 –
Capital reduction	0.25	600,000,000	150,000
– reduction in nominal value (note 4(a))		–	(144,000)
– subdivision (note 4(b))	0.01	14,400,000,000	144,000
At 30 September 2011	0.01	15,000,000,000	150,000
<i>Issued and fully paid:</i>			
At 1 April 2010	0.05	367,457,870	18,373
Issue of shares upon exercise of share options (Note 5)	0.05	59,226	3
Issue of share upon exercise of bonus warrants (Note 6)	0.05	295,957	15
Issue of shares upon placement (note 7)	0.05	73,000,000	3,650
At 31 March 2011 and 1 April 2011	0.05	440,813,053	22,041
Issue of shares upon exercise of bonus warrants (note 6)	0.05	5,829	–
Share consolidation (note 2)		440,818,882 (352,655,106)	22,041 –
Issue shares upon open offer (note 3)	0.25	88,163,776	22,041
	0.25	352,655,104	88,164
	0.25	440,818,880	110,205
Capital reduction		–	(105,797)
– reduction in nominal value (note 4(a)&4(c))		–	(105,797)
At 30 September 2011	0.01	440,818,880	4,408

*Notes:*

- (1) Pursuant to the ordinary resolution passed at the extraordinary general meeting of the Company on 19 May 2011, the authorized share capital of the Company was increased from HK\$50,000,000, divided into 1,000,000,000 ordinary shares of HK\$0.05 each to HK\$150,000,000 divided into 3,000,000,000 ordinary shares of HK\$0.05 each by the creation of an additional 2,000,000,000 ordinary shares of HK\$0.05 each of the Company.
- (2) Pursuant to the ordinary resolution passed at the extraordinary general meeting of the Company on 19 May 2011, and upon the share consolidation (on the basis that every five issued and unissued ordinary shares of HK\$0.05 each in the share capital of the Company was consolidated into one share of HK\$0.25 each (each a “**Consolidated Share**”) in the share capital of the Company) becoming effective on 20 May 2011, the authorized share capital of the Company became HK\$150,000,000 divided into 600,000,000 Consolidated Shares of HK\$0.25 each.; and the issued share capital of the Company became approximately HK\$22,041,000 divided into 88,163,776 Consolidated Shares of HK\$0.25 each.
- (3) Pursuant to the ordinary resolution passed at the extraordinary general meeting of the Company on 19 May 2011, the Company on 14 June 2011 issued 352,655,106 new ordinary shares of HK\$0.25 each (each an “**Offer Share**”) at subscription price of HK\$0.25 per Offer Share under an open offer on the basis of four Offer Shares for every one then existing Consolidated Share of HK\$0.25 each.
- (4) Pursuant to the special resolution passed at the extraordinary general meeting of the Company on 19 May 2011 and, inter alia, upon the change of domicile of the Company from the Cayman Islands to Bermuda by way of continuation of the Company into Bermuda as an exempted company under the laws of Bermuda and de-registration as a company in the Cayman Islands under the laws of the Cayman Islands becoming effective:–
  - (a) the paid-up capital of each Consolidated Share be reduced from HK\$0.25 to HK\$0.01 by cancelling HK\$0.24 on each of the issued Consolidated Shares such that the nominal value of each Consolidated Share be reduced from HK\$0.25 to HK\$0.01 so as to form a new share with nominal value of HK\$0.01 each (each an “**Adjusted Share**”) (the “**Capital Reduction**”);
  - (b) each of authorized but unissued Consolidated Shares of HK\$0.25 each including the authorized unissued shares of HK\$0.25 each arising out of the Capital Reduction, be sub-divided into 25 new Adjusted Shares of HK\$0.01 each (such that the the authorized share capital of the Company became HK\$150,000,000 divided into 15,000,000,000 Adjusted Shares of HK\$0.01 each; and
  - (c) the credit arising from the Capital Reduction of approximately HK\$105,797,000 be applied to set off against the accumulated losses of the Company.

- (5) Share options were exercised by option holders during the year ended 31 March 2011 to subscribe for the total of 59,226 ordinary shares of the Company of HK\$0.05 each by payment of subscription monies of approximately HK\$36,000 of which approximately HK\$3,000 was credited to share capital and the balance of approximately HK\$33,000 was credited to the share premium account.
- (6) For the year ended 31 March 2011, approximately 295,957 bonus warrants were exercised at a subscription price of HK\$0.45 per ordinary share, resulting in the issue of 295,957 ordinary shares of HK\$0.05 each.

For the six months ended 30 September 2011, approximately 5,829 bonus warrants were exercised in May 2011 at a subscription price of HK\$0.45 per ordinary share, resulting in the issue of 5,829 ordinary shares of HK\$0.05 each.

- (7) On 15 October 2010, the Company placed, through the placing agents, 73,000,000 ordinary shares of HK\$0.05 each in the share capital of the Company to not less than six places at the placing price of HK\$0.42 per ordinary share.
- (8) The details of authorised and issued share capital of the Company for the year ended 31 March 2011 were audited. The details of authorised and issued share capital of the Company for the six months ended 30 September 2011 were unaudited.

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## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATIONS REVIEW

To better execute the Group's internet, mobile and media ("IMM") sectors growth strategy in the PRC and, at the same time, to strengthen the Group's business fundamentals in the existing business lines of financial information services and securities and futures business, the Group has enlarged its financial resources base. The completion of the open offer of new shares in June 2011 has raised approximately HK\$88.2 million (before expenses) as to enable the Group to both invest in its existing business lines and to seize strategic business opportunities (if such opportunities arise in the future) through mergers and acquisitions.

#### Financial Information Business

During the period under review, changes in the market and appetite of clients have supported the business model of the Group by providing one-stop shop solution to investors that includes transaction services in addition to pure data, news and analytical information. The Board believed that the growing sophistication in today's information technology with powerful hedge funds, algo-trading technologies and cross-market arbitrage opportunities, the market would demand technologically advanced one-stop solution providers.

The Group has been carefully examining the ways to improve its competitive advantages and operational efficiency amid the deteriorating business environment. The Group is determined to improve and make changes in its information provision business. On one hand, the Group has continued to promote the brand name of Finet as a leading news provider and to expand its financial news distribution channels and introduced value-added services in press release, media monitoring and investor relations to its clients which so far have been appreciated by the market. On the other hand, the Group has been expanding its mobile distribution channels for financial content. The Group has been chosen as the exclusive daily financial e-magazine provider in 139-Mailbox operated by China Mobile in the Guangdong Province, the PRC, through a tender process. The services will be extended to other areas in the PRC. By leveraging China Mobile's massive user base, this will help the Group to tap into the PRC's lucrative business-to-consumer market that has been growing at astonishing speed.

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

The completion of acquisition of Finet Securities Limited was a significant step forward to achieve the business model of the Group to provide one-stop shop solutions that seamlessly embed transaction services with information services. The Group has been consolidating the securities and futures business segment and is taking steps to tap into margin financing and asset management business to fit into the one-stop shop solutions model.

## FINANCIAL REVIEW

The Group reported a turnover attributable to continuing operations of approximately HK\$12,746,000 for the six months ended 30 September 2011, representing a decrease of approximately 21% from approximately HK\$16,163,000 for the same period in 2010.

During the six months ended 30 September 2011, the Group recorded cost of sales amounting to approximately HK\$4,577,000, representing a decrease of 5% to the same period in 2010.

General and administrative expenses of the Group for the six months ended 30 September 2011 was decreased by approximately 8% to approximately HK\$19,453,000 (2010: HK\$21,244,000), which was mainly due to decrease in legal and professional fees.

The Group's unaudited consolidated loss attributable to the owners of the Company for the six months ended 30 September 2011 was approximately HK\$10,613,000 (2010: loss of HK\$15,387,000).

## CHANGE OF DOMICILE

As disclosed in the announcement of the Company dated 28 June 2011, the Company had been deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda with effect from 16 June 2011.

## PENDING LITIGATION

References were made to the announcements of the Company dated 16 May 2011, 20 May 2011 and 28 June 2011. The Company has received various letters in April and May 2011 from two minority shareholders of China Game & Digital Entertainment Limited (a former subsidiary of the Company, "**China Game**"), namely The Pride of Treasure Fund and The Pride Venture Capital Fund (collectively, the "**Claimants**"). The Claimants claimed that the Company has, through its then chairman and Director, Dr. Yu Gang, George, made certain misrepresentations and has breached certain terms of the agreements between the Company and each of the Claimants in connection with their investments in China Game totaling USD5,000,000 in 2007 and the Claimants indicated that they may seek damages against the Company for no less than USD5,000,000 plus interest and costs. Dr. Yu Gang, George ceased to be a Director from 30 September 2010.

On 20 May 2011, the Company received a writ of summons (High Court Action number 849 of 2011) from the Claimants, claiming against the Company for damages for breach of the alleged share subscription agreement in 2007 made between the Company and The Pride of Treasure Fund, the alleged share subscription agreement in 2007 made between the Company and The Pride Venture Capital Fund, an alleged shareholders' agreement made orally between the Claimants and the Company and misrepresentation on the value of the East Treasure Limited business made through Dr. Yu Gang, George, plus interest and costs.

On 27 June 2011, the Company received an amended writ of summons ("**Amended Writ**") (High Court Action number 849 of 2011) and a statement of claim ("**Statement of Claim**") from the Claimants (i.e. The Pride of Treasure Fund ("**First Plaintiff**") and The Pride Venture Capital Fund ("**Second Plaintiff**"). Pursuant to the Amended Writ, it was claimed against the Company for, inter alia, damages for breach of (i) the alleged share subscription agreement in 2007 made between the Company and the First Plaintiff; (ii) the alleged share subscription agreement in 2007 made between the Company and the Second Plaintiff; and (iii) the alleged misrepresentation made through Dr. Yu Gang, George, plus interest and costs.

The Claimants further alleged, in the Statement of Claim, inter alia, that certain representations given by the Company in the above share subscription agreements were false and untrue or recklessly not caring whether they were true or false and there was breach of implied terms of the above share subscription agreements, and claimed against the Company for (i) damages to be assessed; (ii) interest; (iii) costs; and (iv) further or other relief.

Based on advice of the legal adviser to the Company, the Company has reasonable grounds to defend such claims. The Company filed a defence against such claims on 22 August 2011 and the Claimants filed a reply on 10 October 2011.

## **MAJOR AND CONNECTED TRANSACTION**

On 29 August 2011, the Company announced the proposed acquisition (the "**Acquisition**") of entire outstanding issued share capital of and shareholder's loan to Pink Angel Investments Limited ("**Pink Angel**") from Ms. Lo Yuk Yee, an executive Director. The principal asset of Pink Angel is its ownership of 100% interest in Unit 901 & 920 on 9th Floor, China Merchants Tower, Shun Tak Centre. The Acquisition constituted major and connected transaction under the GEM Listing Rules and was approved by the independent shareholders by means of an ordinary resolution at a special general meeting on 10 October 2011. The Acquisition was completed on 12 October 2011.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2011, the net current assets of the Group was approximately HK\$124,785,000 (31 March 2011: HK\$49,211,000); the total equity of the Group was approximately HK\$146,332,000 (31 March 2011: HK\$71,248,000); the cash and bank deposits of the Group was approximately HK\$94,615,000 (31 March 2011: HK\$20,106,000).

## **CAPITAL STRUCTURE**

As at 30 September 2011, the Company had total outstanding bank borrowings of approximately of HK\$2,640,000 (31 March 2011: HK\$2,763,000). Details of changes in share capital are set out in Note 12 of this report.

## **CHARGES OF ASSETS**

As at 30 September 2011, the investment properties and some equipment with an aggregate carrying value of approximately HK\$25,848,000 and approximately HK\$329,000 respectively (31 March 2011: HK\$25,848,000 and HK\$1,159,000 respectively) 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 2% as at 30 September 2011 (31 March 2011: approximately 4%).

## **SIGNIFICANT INVESTMENTS HELD**

As at 30 September 2011, the Group held available-for-sale financial assets of approximately HK\$175,000 (31 March 2011: HK\$484,000) and held for trading investments of approximately HK\$30,924,000 (31 March 2011: 30,879,000).

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES**

During the year ended 31 March 2011, the Group disposed of its entire 85.71% equity interest in China Game and its subsidiaries.

Saved as disclosed in the "Major and Connected Transaction" section above, the Group had no material acquisitions or disposals of subsidiaries during the six months ended 30 September 2011.

## **EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND ANY RELATED HEDGES**

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/liabilities will fluctuate due to change in exchange rates although the risk of currency exposure is considered insignificant by the Directors and specific hedges may be taken out if necessary in future.

## **CONTINGENT LIABILITIES**

As at 30 September 2011, the Group had no significant contingent liabilities.

## **EMPLOYEE INFORMATION**

As at 30 September 2011, the Group had 112 (31 March 2011: 113) full-time employees in Hong Kong and the PRC.

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.

## **OUTLOOK**

Looking forward, it is believed that the Group's years of efforts to build up its business fundamentals, including continuous upgrade of its powerstations and products, and acquire appropriate companies and expanding carriers of its products in the burgeoning IMM sectors would allow the Group to capitalize on the tremendous growth of the mainstream PRC consumer markets in the coming years. Coupled with the continuous growth of its securities and futures business, the Group would be able to achieve its business model to provide one-stop shop solutions that seamlessly embed transaction services with information services.

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

As at 30 September 2011, 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	Name of associated corporations	Number of shares and capacity in which the shares were held		Number of underlying shares and capacity in which the underlying shares were held		Total number of shares	% of shares in issue <i>(note 2)</i>
			Beneficial owner	Interest of controlled corporation	Beneficial owner	Interest of controlled corporation		
<b>Executive Director:</b>								
Ms. Lo Yuk Yee ("Ms. Lo")	The Company	-	-	268,552,984 <i>(Note 1)</i>	-	-	268,552,984	60.92%
Ms. Lo	-	Maxx Capital International Limited ("Maxx Capital") <i>(Note 3)</i>	-	2 shares of US\$1 each	-	-	2 shares of US\$1 each	100%
Ms. Lo	-	Pablos International Limited ("Pablos") <i>(Note 3)</i>	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:

- 268,552,984 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 268,552,984 ordinary shares of HK\$0.01 each held by Maxx Capital.
- As at 30 September 2011, the Company had 440,818,880 ordinary shares of HK\$0.01 each in issue.
- Each of Maxx Capital and Pablos is a holding company of the Company and is thus an associated corporation (within the meaning of part XV of the SFO) of the Company.

Save as disclosed above, as at 30 September 2011, 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 2011, 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)	268,552,984	–	–	–	268,552,984	60.92%
Pablos (Note 1)	–	268,552,984	–	–	268,552,984	60.92%

### Notes:

- 268,552,984 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 268,552,984 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 2011, the Company had 440,818,880 ordinary shares of HK\$0.01 each in issue.

## 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 2011, 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.

## 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 six months ended 30 September 2011 are as follows:

Name of grantee	Date of grant	Exercise price	Number of share options			Balance as at 30 September 2011
			Balance as at 1 April 2011	Granted during the period	Exercised during the period	
<b>Executive Directors:</b>						
Mr. Chow	30 September 2011	HK\$0.49	-	500,000	-	500,000
Mr. Yiu	30 September 2011	HK\$0.49	-	500,000	-	500,000
<b>Employees</b>	30 September 2011	HK\$0.49	-	4,000,000	-	4,000,000
<b>Distributors</b>	30 September 2011	HK\$0.49	-	8,000,000	-	8,000,000
Total			-	13,000,000	-	13,000,000

## DIRECTORS' INTEREST IN CONTRACTS

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 2011 or at any time during such period (2010: 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 2011. 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 2011.

## COMPETING INTERESTS

None of the Directors 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 2011.

## AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in accordance with Rule 5.28 of the GEM Listing Rules. As at the date of this report, 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 consolidated results of the Group for the six months ended 30 September 2011 have been reviewed by the audit committee of the Company.

## 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 2011.

## 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 2011, 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 2011, following the resignation of Mr. Lum Chor Wah, Richard as an executive Director and chief executive officer of the Company on 28 June 2011, the duties and responsibilities of the chief executive officer has been shared among the members of the Board. As at the date of this report, the Board is still identifying a suitable candidate to be appointed as the chief executive officer of the Company.

By Order of the Board

**LO Yuk Yee**

*Chairman and executive Director*

Hong Kong, 14 November 2011

*As at the date of this report, the executive Directors are Ms. Lo Yuk Yee, Mr. Chow Wing Chau and Mr. Yiu Wing Hei; the non-executive Director is Mr. Ip Tze Fai, Alvin; and the independent non-executive Directors are Mr. Wong Wai Kin, Mr. Siu Siu Ling, Robert and Mr. Leung Chi Hung.*