



財華社
FINET

Finet Group Limited

(Continued in Bermuda with limited liability)

(Stock Code: 08317)



First Quarterly
Report
2014 / 2015



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 of approximately HK\$4,727,000 for the three months ended 30 June 2014, representing a decrease of approximately 31% from approximately HK\$6,898,000 for the same period in 2013.
- The Group's unaudited consolidated loss attributable to the owners of the Company for the three months ended 30 June 2014 was approximately HK\$8,337,000.
- The Board does not recommend the payment of dividend for the three months ended 30 June 2014.

The board of Directors (the “Board”) is pleased to present the unaudited results of the Group for the three months ended 30 June 2014, together with the comparative unaudited figures for the corresponding period in 2013 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2014

| | Notes | For the three months ended 30 June | |
|--|-------|------------------------------------|--------------------------------|
| | | 2014 HK\$'000 | 2013 HK\$'000 (restated) |
| Revenue | 3 | 4,727 | 6,898 |
| Cost of sales | | (3,166) | (3,411) |
| Gross profit | | 1,561 | 3,487 |
| Other income and gains | 3 | 3 | 6,032 |
| Selling and marketing expenses | | (177) | (117) |
| General and administrative expenses | | (10,727) | (9,641) |
| Finance costs | | (119) | (164) |
| Loss before income tax | | (9,459) | (403) |
| Income tax expense | 4 | (38) | (37) |
| Loss for the period | | (9,497) | (440) |
| (Loss)/profit attributable to: | | | |
| — Owners of the Company | | (8,337) | 73 |
| — Non-controlling interests | | (1,160) | (513) |
| | | (9,497) | (440) |
| (Loss)/Earnings per share for (loss)/profit attributable to the owners of the Company during the period | | | |
| — Basic and diluted (in HK cent) | 6 | (1.89) | 0.02 |

| | For the three months ended 30 June | |
|--|---|------------------------|
| | 2014 | 2013 |
| Notes | HK\$'000 | HK\$'000 (restated) |
| Loss for the period | (9,497) | (440) |
| Other comprehensive income: | | |
| Fair value gain on available-for-sale financial assets | 176 | 93 |
| Currency translation differences | (97) | (8) |
| Other comprehensive income for the period | 79 | 85 |
| Total comprehensive expense for the period | (9,418) | (355) |
| Total comprehensive (expense)/income attributable to: | | |
| — Owners of the Company | (8,258) | 158 |
| — Non-controlling interests | (1,160) | (513) |
| | (9,418) | (355) |

NOTES TO THE UNAUDITED 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 August 2014.

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 2014.

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 2014.

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 are as follows:

| | Unaudited | |
|--|---|----------|
| | For the three months ended 30 June | |
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Revenue | | |
| Service income from provision of financial information services | 3,235 | 4,937 |
| Advertising, investor relationship and branding promotion and communication service income | 543 | 265 |
| Brokerage commission and service income from securities and futures business | — | 2 |
| Loan interest income | 215 | 965 |
| Rental income from investment properties | 734 | 729 |
| | 4,727 | 6,898 |
| Other income and gains | | |
| Dividend income | — | 89 |
| Fair value gain on held for trading investments | — | 5,942 |
| Interest income | 3 | 1 |
| | 3 | 6,032 |
| Total | 4,730 | 12,930 |

4. Income Tax Expense

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 are exempted from payment of the British Virgin Islands income tax.

No Hong Kong profits tax has been provided for the three months ended 30 June 2014 (2013: Nil) as the Group had no assessable profit arising in or derived from Hong Kong for the period.

The People's Republic of China ("PRC") income tax of approximately HK\$38,000 was paid during the three months ended 30 June 2014 (2013: HK\$37,000) for the net rental income from the investment properties of the Company in the PRC.

5. Dividend

The Board does not recommend the payment of dividend for the three months ended 30 June 2014 (2013: Nil).

6. (Loss)/Earnings Per Share

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the loss attributable to owners of the Company for the three months ended 30 June 2014 of approximately HK\$8,337,000 (2013: HK\$73,000 profit) by the number of 440,818,880 (2013: 440,818,880) ordinary shares in issue during the period.

(b) Diluted

No computation of diluted (loss)/earnings per share for the three months ended 30 June 2014 and 2013 since the Company's share options and warrants outstanding during those periods were either anti-dilutive or the effects were minimal.

7. Movement of Reserves

For the three months ended 30 June 2014 (Unaudited)

| | Reserves | | | | | | | | | | | | Non-controlling interests | 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 | | | |
| | 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 | HK\$'000 |
| 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 | |
| Profit/(Loss) for the period | — | — | — | — | — | — | — | — | — | 73 | 73 | (513) | (440) | |
| Other comprehensive income | | | | | | | | | | | | | | |
| Fair value gain on available-for-sale financial assets | — | — | — | — | — | — | — | 93 | — | — | 93 | — | 93 | |
| Currency translation difference | — | — | — | — | — | (8) | — | — | — | — | (8) | — | (8) | |
| Total other comprehensive income | — | — | — | — | — | (8) | — | 93 | — | — | 85 | — | 85 | |
| Total comprehensive (expense)/income | — | — | — | — | — | (8) | — | 93 | — | 73 | 158 | (513) | (355) | |
| Employee share-based compensation | — | — | — | 29 | — | — | — | — | — | — | 29 | — | 29 | |
| At 30 June 2013 | 4,408 | 223,509 | 4,870 | 781 | 1,776 | (1) | 9,989 | (1,206) | 1,763 | (78,497) | 162,984 | 259 | 167,651 | |
| At 1 April 2014 | 4,408 | 223,509 | 4,870 | 993 | 1,776 | 1 | 9,989 | (992) | 1,763 | (97,697) | 148,620 | (2,217) | 146,403 | |
| Loss for the period | — | — | — | — | — | — | — | — | — | (8,337) | (8,337) | (1,160) | (9,497) | |
| Other comprehensive income | | | | | | | | | | | | | | |
| Fair value gain on available-for-sale financial assets | — | — | — | — | — | — | — | 176 | — | — | 176 | — | 176 | |
| Currency translation difference | — | — | — | — | — | (97) | — | — | — | — | (97) | — | (97) | |
| Total other comprehensive income | — | — | — | — | — | (97) | — | 176 | — | — | 79 | — | 79 | |
| Total comprehensive (expense)/income | — | — | — | — | — | (97) | — | 176 | — | (8,337) | (8,258) | (1,160) | (9,418) | |
| Employee share-based compensation | — | — | — | 362 | — | — | — | — | — | — | 362 | — | 362 | |
| At 30 June 2014 | 4,408 | 223,509 | 4,870 | 1,355 | 1,776 | (96) | 9,989 | (816) | 1,763 | (106,034) | 140,724 | (3,377) | 137,347 | |

8. Significant Related Party Transactions

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

| | Unaudited | |
|--|---|----------|
| | For the three months ended 30 June | |
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Management fee paid to Maxx Capital Finance Limited <i>(note i)</i> | 150 | 150 |
| Rental paid to Cyber Feel Limited <i>(note i)</i> | 724 | 724 |

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 (“IMM”) growth strategy, the Group further strengthened its hold on media business with focus on financial sector through the continuous development of the “FinTV” branding. Both the broadness and depth of programmes offered by FinTV have continued to multiply. Being the only Cantonese and Chinese bilingual financial TV in Hong Kong, FinTV brings investors and financial elites in greater China the latest professional report, through television, internet and mobile channels at the same time. The Group believes that the FinTV will be one of the major driver for future growth in business.

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

The Group’s money lending business continued to provide positive contribution to the financial result of the Group.

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 competitive 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.

Financial Review

The Group reported a turnover of approximately HK\$4,727,000 for the three months ended 30 June 2014, representing a decrease of approximately 31% from approximately HK\$6,898,000 for the same period in 2013.

During the three months ended 30 June 2014, the Group recorded cost of sales amounting to approximately HK\$3,166,000 representing a decrease of 7% from approximately HK\$3,411,000 (as restated) for the same period in 2013.

General and administrative expenses of the Group for the three months ended 30 June 2014 was increased by approximately 11% to approximately HK\$10,727,000 (2013: HK\$9,641,000 as restated), in line with increased investment in FinTV.

The Group's unaudited consolidated loss attributable to the owners of the Company for the three months ended 30 June 2014 was approximately HK\$8,337,000 (2013: HK\$73,000 profit).

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, as plaintiff, issued an amended statement of claim against YU, as defendant, 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. The plaintiff and the defendant exchanged witness statements in July 2014.

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

As at 30 June 2014, 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 <i>(Note 2)</i> |
|-----------------------------------|---|---|------------------------------------|--|------------------------------------|----------------------------|---|
| | | 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 <i>(Note 1)</i> | — | — | 278,439,784 | 63.16% |
| Ms. LO | Maxx Capital International Limited ("Maxx Capital") <i>(Note 1)</i> | — | 2 shares of US\$1 each | — | — | 2 shares of US\$1 each | 100% |
| Ms. LO | Pablos International Limited ("Pablos") <i>(Note 1)</i> | 1,000 shares of US\$1 each | — | — | — | 1,000 shares of US\$1 each | 100% |
| Mr. Chow Wing Chau ("Mr CHOW") | The Company | — | — | 875,000 | — | 875,000 | 0.21% |
| Mr. Yiu Wing Hei ("Mr YIU") | The Company | — | — | 375,000 | — | 375,000 | 0.09% |

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 June 2014, the Company had 440,818,880 ordinary shares of HK\$0.01 each in issue.

Save as disclosed above, as at 30 June 2014, 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 June 2014, 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 shareholders | 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 June 2014, 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 June 2014 are as follows:

| Name of grantee | Date of grant | Exercise price | Number of share options | | | Balance as at 30 June 2014 |
|-----------------------------|----------------------------|----------------|----------------------------|---------------------------|--------------------------|----------------------------|
| | | | Balance as at 1 April 2014 | Granted during the period | Lapsed during the period | |
| Executive Directors: | | | | | | |
| Mr. CHOW | 30 September 2011 (Note 1) | HK\$0.49 | 375,000 | — | — | 375,000 |
| | 3 January 2014 (Note 2) | HK\$0.50 | 500,000 | — | — | 500,000 |
| Mr. YIU | 30 September 2011 (Note 1) | HK\$0.49 | 375,000 | — | — | 375,000 |
| Employees | 30 September 2011 (Note 1) | HK\$0.49 | 1,500,000 | — | — | 1,500,000 |
| | 3 January 2014 (Note 2) | HK\$0.50 | 3,500,000 | — | — | 3,500,000 |
| Total | | | <u>6,250,000</u> | <u>—</u> | <u>—</u> | <u>6,250,000</u> |

Notes:

- For share options granted on 30 September 2011.

Validity period: The outstanding share options are exercisable for a period of two years commencing from the end of the respective vesting period in the manner as stated below.

| | As at 30 June 2014 | As at 31 March 2014 |
|---|--------------------|---------------------|
| Vesting period: 6 months after 30 September 2011: | Lapsed | Lapsed |
| 12 months after 30 September 2011: | 25% | 25% |
| 18 months after 30 September 2011: | 25% | 25% |
| 24 months after 30 September 2011: | 25% | 25% |

- For share options granted on 3 January 2014.

Validity period: The outstanding share options are exercisable for a period of ten years commencing from the end of the respective vesting period in the manner as stated below.

| | |
|--|-----|
| Vesting period: 6 months after 3 January 2014: | 50% |
| 12 months after 3 January 2014: | 50% |

OUTSTANDING UNLISTED WARRANTS

As at 30 June 2014, 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 June 2014 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 June 2014, 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 three months ended 30 June 2014.

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 of the Group for the three months ended 30 June 2014 have been reviewed by the audit committee of the Company.

CORPORATE GOVERNANCE PRACTICE

The Board is committed to maintaining a high standard of corporate governance. The corporate governance principles of the Company emphasize a quality board, sound internal control transparency and accountability to all shareholders.

The Board has reviewed the Company's corporate governance practices and is of the opinion that the Company has met the provisions set out in the Corporate Governance Code ("CG Code"), contained in Appendix 15 to the GEM Listing Rules throughout the three months ended 30 June 2014, 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. Ms. LO was the chairman of the Company since 25 January 2011. Mr. LUM Chor Wah, Richard was appointed as an executive Director and chief executive officer of the Company on 30 September 2010 until 28 June 2011. Thereafter, the post of chief executive officer was vacant and its roles and responsibilities were shared amongst the members of the Board. The Board is presently identifying a suitable candidate to be appointed as the chief executive officer and will make an announcement upon the appointment.

DIRECTORS' INTEREST IN CONTRACTS

Except for the transactions stated in Note 8 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 three months ended 30 June 2014 or at any time during such period (2013: 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 three months ended 30 June 2014. 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 three months ended 30 June 2014.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY LISTED SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the three months ended 30 June 2014.

By Order of the Board

LO Yuk Yee

Chairman and Executive Director

Hong Kong, 8 August 2014

As at the date of this report, 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.