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財華社
FINET

FINET GROUP LIMITED

財華社集團有限公司

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

(Stock code: 08317)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2014

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 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\$15,600,000 for the nine months ended 31 December 2014, representing a decrease of approximately 16.7% from approximately HK\$18,725,000 for the same period in 2013.
- The Group's unaudited consolidated loss attributable to owners of the Company for the nine months ended 31 December 2014 was approximately HK\$23,578,000.
- The Board does not recommend the payment of dividend for the nine months ended 31 December 2014.

The board of Directors (the “Board”) is pleased to present the unaudited results of the Group for the three months and nine months ended 31 December 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 and nine months ended 31 December 2014

		For the three months ended 31 December		For the nine months ended 31 December	
		2014	2013	2014	2013
	Notes	HK\$'000	HK\$'000 (restated)	HK\$'000	HK\$'000 (restated)
Revenue	3	6,588	5,606	15,600	18,725
Cost of sales		<u>(2,621)</u>	<u>(3,487)</u>	<u>(8,733)</u>	<u>(10,476)</u>
Gross profit		3,967	2,119	6,867	8,249
Other income and gains	3	349	101	356	6,709
Selling and marketing expenses		(165)	(1,625)	(437)	(1,863)
General and administrative expenses		(10,237)	(9,827)	(31,917)	(28,154)
Finance costs		(113)	(146)	(349)	(462)
(Loss) before income tax expenses		(6,199)	(9,378)	(25,480)	(15,521)
Income tax expenses	5	(38)	(37)	(114)	(68)
(Loss) for the period		<u>(6,237)</u>	<u>(9,415)</u>	<u>(25,594)</u>	<u>(15,589)</u>
(Loss) attributable to:					
Owners of the Company		(6,572)	(8,609)	(23,578)	(13,504)
Non-controlling interests		335	(806)	(2,016)	(2,085)
(Loss) for the period		<u>(6,237)</u>	<u>(9,415)</u>	<u>(25,594)</u>	<u>(15,589)</u>

		For the three months ended 31 December		For the nine months ended 31 December	
		2014	2013	2014	2013
	Notes	HK\$'000	HK\$'000 (restated)	HK\$'000	HK\$'000 (restated)
Other comprehensive income:					
Fair value gain/(loss) on available-for-sale financial assets		(91)	140	(126)	198
Currency translation differences		(14)	231	(111)	227
Other comprehensive income for the period		(105)	371	(237)	425
Total comprehensive income for the period		(6,342)	(9,044)	(25,831)	(15,164)
Attributable to:					
Owners of the Company		(6,677)	(8,238)	(23,815)	(13,079)
Non-controlling interests		335	(806)	(2,016)	(2,085)
		(6,342)	(9,044)	(25,831)	(15,164)
(Loss) per share for (loss) attributable to the owners of the Company during the period					
— Basic (<i>in HK Cents</i>)	7 (i)	(1.49)	(1.95)	(5.35)	(3.06)
— Diluted (<i>in HK Cents</i>)	(ii)	N/A	N/A	N/A	N/A

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 6 February 2015.

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 is as follows:

	Unaudited			
	For the three months ended 31 December		For the nine months ended 31 December	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i> (restated)	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i> (restated)
Revenue				
Service income from provision of financial information services	1,553	3,230	7,516	12,184
Advertising, investor relationship and branding promotion and communication services income	4,177	1,447	5,328	2,593
Brokerage commission and service income	3	6	3	9
Loan interest income	120	201	550	1,757
Rental income from investment properties	735	722	2,203	2,182
	<u>6,588</u>	<u>5,606</u>	<u>15,600</u>	<u>18,725</u>
Other income and gains				
Dividend income	—	—	—	89
Fair value gain on held for trading investments	347	99	347	6,598
Interest income	2	1	9	4
Others	—	1	—	18
	<u>349</u>	<u>101</u>	<u>356</u>	<u>6,709</u>
Total income	<u><u>6,937</u></u>	<u><u>5,707</u></u>	<u><u>15,956</u></u>	<u><u>25,434</u></u>

4. MOVEMENT OF RESERVES

For the nine months ended 31 December 2014 (Unaudited)

	Attributable to owners of the Company													
	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	Total equity	
	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)	167,205	772	167,977	
Loss for the period	—	—	—	—	—	—	—	—	—	(13,504)	(13,504)	(2,085)	(15,589)	
Other comprehensive income														
Fair value gain on available-for-sale financial assets	—	—	—	—	—	—	—	198	—	—	198	—	198	
Currency translation differences	—	—	—	—	—	227	—	—	—	—	227	—	227	
Total other comprehensive income	—	—	—	—	—	227	—	198	—	—	425	—	425	
Total comprehensive income	—	—	—	—	—	227	—	198	—	(13,504)	(13,079)	(2,085)	(15,164)	
Employee share-based compensation	—	—	—	57	—	—	—	—	—	—	57	—	57	
At 31 December 2013	4,408	223,509	4,870	809	1,776	234	9,989	(1,101)	1,763	(92,074)	154,183	(1,313)	152,870	

	Attributable to owners of the Company													
	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	Total equity	
	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 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	—	—	—	—	—	—	—	—	—	(23,578)	(23,578)	(2,016)	(25,594)	
Other comprehensive income														
Fair value (loss) on available-for-sale financial assets	—	—	—	—	—	—	—	(126)	—	—	(126)	—	(126)	
Currency translation difference	—	—	—	—	—	(111)	—	—	—	—	(111)	—	(111)	
Total other comprehensive income	—	—	—	—	—	(111)	—	(126)	—	—	(237)	—	(237)	
Total comprehensive income	—	—	—	—	—	(111)	—	(126)	—	(23,578)	(23,815)	(2,016)	(25,831)	
Share options lapsed during the period	—	—	—	(431)	—	—	—	—	—	431	—	—	—	
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	5,000	5,000	
Employee share-based compensation	—	—	—	617	—	—	—	—	—	—	617	—	617	
31 December 2014	4,408	223,509	4,870	1,179	1,776	(110)	9,989	(1,118)	1,763	(120,844)	125,422	767	126,189	

5. 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 nine months ended 31 December 2014 (2013: 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\$114,000 during the nine months ended 31 December 2014 (2013: HK\$68,000) was mainly attributable to the net rental income from the investment properties of the Company in the PRC.

6. DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 31 December 2014 (2013: Nil).

7. (LOSS) PER SHARE

(i) Basic

The calculation of basic (loss) per share is based on the (loss) attributable to owners of the Company for the three months and nine months ended 31 December 2014 of approximately HK\$(6,572,000) and HK\$(23,578,000) respectively (three months and nine months ended 31 December 2013: approximately HK\$(8,609,000) and HK\$(13,504,000) respectively) and on the number of 440,818,880 shares in issue during the three months and nine months ended 31 December 2014 (three months and nine months ended 31 December 2013: 440,818,880 ordinary shares).

(ii) Diluted

No computation of diluted (loss) per share for the nine months ended 31 December 2014 and 2013 and for the three months ended 31 December 2014 and 2013 since the Company's share options and warrants outstanding during those periods were either anti-dilutive or the effect were minimal.

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 31 December		For the nine months ended 31 December	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Management fee paid to Maxx Capital Finance Limited (<i>note i</i>)	150	150	450	450
Referral fee and interest expenses paid to Maxx Capital Finance Limited in relation to the money lending business (<i>note i</i>)	—	25	—	673
Rental paid to Cyber Feel Limited (<i>note i</i>)	<u>724</u>	<u>724</u>	<u>2,172</u>	<u>2,172</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.

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 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.

Financial Review

The Group reported a turnover of approximately HK\$15,600,000 for the nine months ended 31 December 2014, representing a decrease of approximately 16.7% from approximately HK\$18,725,000 for the same period in 2013.

During the nine months ended 31 December 2014, the Group recorded cost of sales amounting to approximately HK\$8,733,000, representing a decrease of 16.7% from approximately HK\$10,476,000 (as restated) for the same period in 2013.

Other income and gains for the nine months ended 31 December 2014 included a fair value gain on held for trading investments of approximately HK\$347,000, interest income of approximately HK\$9,000.

General and administrative expenses of the Group for the nine months ended 31 December 2014 was approximately HK\$31,917,000 (2013: HK\$28,154,000 as restated), which represented an increase of approximately 13.4% when compared to that of last year. During the period under review, additional staff were recruited for the media business.

Finance costs for the nine months ended 31 December 2014 was approximately HK\$349,000

The Group's unaudited condensed consolidated loss attributable to the owners of the Company for the nine months ended 31 December 2014 was approximately HK\$23,578,000 (2013: loss of HK\$13,504,000).

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. The plaintiff and the defendant exchanged witness statements in July 2014.

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.

Employee Information

At 31 December 2014, the Group had 127 (At 31 March 2014: 122) full-time employees in Hong Kong and the PRC.

The total staff costs (including Directors' remuneration) for the nine months ended 31 December 2014 was approximately HK\$20,094,000 (2013: HK\$15,536,000 as restated). 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.

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

As at 31 December 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 (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	—	—	750,000	—	750,000	0.17%
Mr. Yiu Wing Hei ("Mr. YIU")	The Company	—	—	250,000	—	250,000	0.06%

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

Save as disclosed above, as at 31 December 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 31 December 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 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 31 December 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) (the “Old Share Option Scheme”) for the period ended 31 December 2014 are as follows:

Name of grantee	Date of grant	Exercise price	Number of share options			Balance as at 31 December 2014
			Balance as at 1 April 2014	Granted during the period	Lapsed during the period	
Executive Directors:						
Mr. CHOW	30 September 2011 <i>(Note 1)</i>	HK\$0.49	375,000	—	(125,000)	250,000
	3 January 2014 <i>(Note 2)</i>	HK\$0.50	500,000	—	—	500,000
Mr. YIU	30 September 2011 <i>(Note 1)</i>	HK\$0.49	375,000	—	(125,000)	250,000
Employees	30 September 2011 <i>(Note 1)</i>	HK\$0.49	1,500,000	—	(500,000)	1,000,000
	3 January 2014 <i>(Note 2)</i>	HK\$0.50	3,500,000	—	(1,000,000)	2,500,000
Total			6,250,000	—	(1,750,000)	4,500,000

Notes:

1. 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 31 December 2014	As at 31 March 2014
Vesting period:	6 months after 30 September 2011:	Lapsed	Lapsed
	12 months after 30 September 2011:	Lapsed	25%
	18 months after 30 September 2011:	25%	25%
	24 months after 30 September 2011:	25%	25%

2. 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.

		As at 31 December 2014	As at 31 March 2014
Vesting period:	6 months after 3 January 2014:	50%	50%
	12 months after 3 January 2014:	50%	50%

Pursuant to an ordinary resolution passed at an annual general meeting of the Company held on 4 September 2014, the Old Share Option Scheme was terminated and a new share option scheme (the “New Share Option Scheme”) was adopted.

All outstanding options granted under the Old Share Option Scheme shall continue to be valid and exercisable in accordance with the Old Share Option Scheme.

The purpose of the New Share Option Scheme is to provide incentives and rewards to the eligible participants who contribute to the success of the Group’s operations.

The rules of the New Share Option Scheme provide that the Company may specify certain eligible participants to whom options shall be granted, the number of Shares subject to each option and the date on which the options shall be granted. The basis for determining the subscription price is also specified precisely in the rules of the New Share Option Scheme. There is no performance target specified in the New Share Option Scheme though the Board may specify such performance target at the time of grant. The Directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage eligible participants to acquire proprietary interests in the Company.

As at the date of this announcement, the New Share Option Scheme fully complies with the requirements of Chapter 23 of the GEM Listing Rules.

OUTSTANDING UNLISTED WARRANTS

As at 31 December 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 31 December 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 31 December 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 nine months ended 31 December 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 results of the Group for the nine months ended 31 December 2014 have been reviewed by the audit committee of the Company.

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 nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 2014.

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 nine months ended 31 December 2014.

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 nine months ended 31 December 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. During the nine months ended 31 December 2014, 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, 6 February 2015

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 collectively and individually accept full responsibility, includes particulars given in compliance with the Rules governing the Listing of Securities on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, 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 is no other matter the omission of which would make any statement herein or this announcement misleading or deceptive.

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.