



財華社  
FINET

# Finet Group Limited

(Continued in Bermuda with limited liability)

(Stock Code: 08317)



2014年05月22日 (星期五) 下午2:23 (香港時間) | 粵語版 | 繁體版

收市報：22,238.14 | 漲跌：132 | 成交：1,847.74 | 上環：2,469.43 | 上環：2,469.43 | 上環：2,469.43

【中環財訊】外貿局：今年增加快線遞交本項自可保換

【財華快訊】香港股市最新行情

收市報	漲跌	成交
22238.110	1376.12	1847.72
最高	22,421.00	
最低	22,050.00	
開市	21,776.00	
收市	22,238.11	
上環	2,469.43	
下環	325.32	

代碼	名稱	收市	漲跌	成交
02302	香港電訊	118.70	0.00	1,200
00200	中國地產	11.20	0.00	1,200
00209	中國地產	11.20	0.00	1,200
00228	香港電訊	118.70	0.00	1,200

Interim Report  
2015 / 2016

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

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

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

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

*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\$6,171,000 for the six months ended 30 September 2015, representing a decrease of approximately 32% from approximately HK\$9,012,000 for the same period in 2014.
- The Group's unaudited consolidated loss attributable to owners of the Company for the six months ended 30 September 2015 was approximately HK\$17,209,000.
- The Board does not recommend the payment of dividend for the six months ended 30 September 2015.

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 2015, together with the comparative unaudited figures for the corresponding period in 2014 as follows:

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the three months and six months ended 30 September 2015*

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
<b>Revenue</b>	3	<b>3,055</b>	4,285	<b>6,171</b>	9,012
Cost of sales		<b>(1,938)</b>	(2,947)	<b>(4,571)</b>	(6,112)
<b>Gross profit</b>		<b>1,117</b>	1,338	<b>1,600</b>	2,900
Other income and gains	3	<b>6</b>	4	<b>53</b>	7
Selling and marketing expenses		<b>(190)</b>	(95)	<b>(290)</b>	(272)
General and administrative expenses		<b>(10,993)</b>	(10,952)	<b>(20,979)</b>	(21,680)
Finance costs	5	<b>(104)</b>	(117)	<b>(210)</b>	(236)
<b>Loss before income tax</b>	6	<b>(10,164)</b>	(9,822)	<b>(19,826)</b>	(19,281)
Income tax	7	<b>(38)</b>	(38)	<b>(78)</b>	(76)
<b>Loss for the period</b>		<b>(10,202)</b>	(9,860)	<b>(19,904)</b>	(19,357)

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2015	2014	2015	2014
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Loss attributable to:</b>					
Owners of the Company		<b>(8,856)</b>	(8,669)	<b>(17,209)</b>	(17,006)
Non-controlling interests		<b>(1,346)</b>	(1,191)	<b>(2,695)</b>	(2,351)
		<b>(10,202)</b>	(9,860)	<b>(19,904)</b>	(19,357)
<b>Loss for the period</b>		<b>(10,202)</b>	(9,860)	<b>(19,904)</b>	(19,357)
<b>Other comprehensive income:</b>					
Fair value (loss)/gain on available-for-sale financial assets		<b>(38)</b>	(211)	<b>(92)</b>	(35)
Currency translation differences		<b>(170)</b>	(1)	<b>(154)</b>	(97)
<b>Other comprehensive income for the period</b>		<b>(208)</b>	(212)	<b>(246)</b>	(132)
<b>Total comprehensive income for the period</b>		<b>(10,410)</b>	(10,072)	<b>(20,150)</b>	(19,489)
<b>Attributable to:</b>					
Owners of the Company		<b>(9,064)</b>	(8,881)	<b>(17,455)</b>	(17,138)
Non-controlling interests		<b>(1,346)</b>	(1,191)	<b>(2,695)</b>	(2,351)
		<b>(10,410)</b>	(10,072)	<b>(20,150)</b>	(19,489)
<b>Loss per share for loss attributable to the owners of the Company during the period</b>	9				
— Basic (in HK Cent)		<b>(2.0)</b>	(2.0)	<b>(3.9)</b>	(3.9)
— Diluted (in HK Cent)		<b>N/A</b>	N/A	<b>N/A</b>	N/A

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

		<b>Unaudited 30 September 2015 HK\$'000</b>	Audited 31 March 2015 HK\$'000
	Notes		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>6,718</b>	7,060
Investment properties		<b>89,000</b>	89,000
Intangible assets		<b>950</b>	950
Statutory deposits and other assets		<b>656</b>	405
Available-for-sale financial assets		<b>203</b>	295
		<b>97,527</b>	97,710
<b>Current assets</b>			
Accounts receivable	10	<b>2,469</b>	1,644
Prepayments, deposits and other receivables		<b>6,414</b>	5,131
Tax Recoverable		<b>6</b>	6
Client trust bank balances		<b>1,828</b>	1,387
Cash and cash equivalents		<b>28,942</b>	43,650
		<b>39,659</b>	51,818
<b>Total assets</b>		<b>137,186</b>	149,528

		<b>Unaudited 30 September 2015 HK\$'000</b>	Audited 31 March 2015 HK\$'000
	Notes		
<b>Current liabilities</b>			
Accounts payable	11	<b>4,721</b>	3,627
Accruals and other payables		<b>8,624</b>	6,647
Deferred income		<b>929</b>	1,691
Amount due to a related company		<b>2,909</b>	2,572
Borrowings	12	<b>10,845</b>	11,552
		<b>28,028</b>	26,089
<b>Net current assets</b>		<b>11,631</b>	25,729
<b>Total assets less current liabilities</b>		<b>109,158</b>	123,439
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>9,958</b>	9,958
<b>Net assets</b>		<b>99,200</b>	113,481
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	13	<b>4,554</b>	4,408
Reserves		<b>97,764</b>	109,496
		<b>102,318</b>	113,904
Non-controlling interests		<b>(3,118)</b>	(423)
<b>Total equity</b>		<b>99,200</b>	113,481

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	Attributable to owners of the Company											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	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
<b>At 1 April 2014</b>	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	—	—	—	—	—	—	—	—	—	(17,006)	(17,006)	(2,351)	(19,357)
<b>Other comprehensive income</b>													
Fair value (loss) on available-for-sale financial assets	—	—	—	—	—	—	—	(35)	—	—	(35)	—	(35)
Currency translation difference	—	—	—	—	—	(97)	—	—	—	—	(97)	—	(97)
<b>Total other comprehensive income</b>	—	—	—	—	—	(97)	—	(35)	—	—	(132)	—	(132)
<b>Total comprehensive income</b>	—	—	—	—	—	(97)	—	(35)	—	(17,006)	(17,138)	(2,351)	(19,489)
Share options lapsed during the period	—	—	—	(197)	—	—	—	—	—	197	—	—	—
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	5,000	5,000
Employee share-based compensation	—	—	—	490	—	—	—	—	—	—	490	—	490
<b>At 30 September 2014</b>	4,408	223,509	4,870	1,286	1,776	(96)	9,989	(1,027)	1,763	(114,506)	131,972	432	132,404
<b>At 1 April 2015</b>	4,408	223,509	4,870	1,179	1,776	(110)	9,989	—	1,763	(133,480)	113,904	(423)	113,481
Loss for the period	—	—	—	—	—	—	—	—	—	(17,209)	(17,209)	(2,695)	(19,904)
<b>Other comprehensive income</b>													
Fair value (loss) on available-for-sale financial assets	—	—	—	—	—	—	—	(92)	—	—	(92)	—	(92)
Currency translation difference	—	—	—	—	—	(154)	—	—	—	—	(154)	—	(154)
<b>Total other comprehensive income</b>	—	—	—	—	—	(154)	—	(92)	—	—	(246)	—	(246)
Total comprehensive income	—	—	—	—	—	(154)	—	(92)	—	(17,209)	(17,455)	(2,695)	(20,150)
Issue of shares upon exercise of bonus warrants	146	5,723	—	—	—	—	—	—	—	—	5,869	—	5,869
<b>At 30 September 2015</b>	4,554	229,232	4,870	1,179	1,776	(264)	9,989	(92)	1,763	(150,689)	(102,318)	(3,118)	99,200

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 September 2015

	For the six months ended 30 September	
	2015 HK\$'000	2014 HK\$'000
<b>Net cash outflow from operating activities</b>	<b>(18,665)</b>	(19,596)
<b>Net cash outflow from investing activities</b>	<b>(1,219)</b>	(1,524)
<b>Net cash inflow from financing activities</b>	<b>5,289</b>	4,584
<b>Net decrease in cash and cash equivalents</b>	<b>(14,595)</b>	(16,536)
<b>Cash and cash equivalents, at beginning of period</b>	<b>43,650</b>	69,701
Effect of foreign exchange rate changes, net	(113)	(97)
<b>Cash and cash equivalents, at end of period</b>	<b>28,942</b>	53,068
<b>Analysis of balances of cash and cash equivalents:</b>		
Cash and cash equivalents	<b>28,942</b>	53,068

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Finet Group Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in (i) the development, production and provision of financial information services and technology solutions to corporate and retail clients in Hong Kong and Greater China; (ii) media business; (iii) the securities and futures business that specializes in the provision of online securities and futures trading; (iv) money lending business; and (v) property investments. The principal activity of the Company is investment holding.

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

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

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

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) unless otherwise stated. These consolidated financial statements were approved and authorized for issue by the board of directors on 11 November 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 2015.

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 2015.

### 3. REVENUE AND OTHER INCOME AND GAINS

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

	Unaudited			
	For the three months ended 30 September 2015		For the six months ended 30 September 2015	
	HK\$'000	2014 HK\$'000 (restated)	HK\$'000	2014 HK\$'000 (restated)
<b>Revenue</b>				
Service income from provision of financial information services	1,531	2,496	3,155	5,460
Advertising, investor relationship and branding promotion and communication services income	657	840	1,280	1,654
Brokerage commission and service income	10	—	24	—
Loan interest income	116	215	223	430
Rental income from investment properties	741	734	1,489	1,468
	<b>3,055</b>	4,285	<b>6,171</b>	9,012
<b>Other income and gains</b>				
Fair value gain on held for trading investments	—	—	42	—
Interest income	1	4	3	7
Sundry income	5	—	8	—
	<b>6</b>	4	<b>53</b>	7
<b>Total income</b>	<b>3,061</b>	4,289	<b>6,224</b>	9,019

### 4. SEGMENT INFORMATION

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

At 30 September 2015, the Group is organized into four main operating segments:

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

Segment results for the six months ended 30 September 2015 about these businesses is as follows:

	<b>Unaudited</b>				
	<b>Financial information services business HK\$'000</b>	<b>Securities and futures business HK\$'000</b>	<b>Money lending business HK\$'000</b>	<b>Property investment HK\$'000</b>	<b>Group HK\$'000</b>
<b>Revenue</b>	4,435	24	223	1,489	6,171
Segment results	(17,893)	(1,581)	222	(417)	(19,669)
Other income and gains					53
Finance costs					(210)
<b>Loss before income tax</b>					<b>(19,826)</b>
Income tax					(78)
<b>Loss for the period</b>					<b>(19,904)</b>

Segment results for the six months ended 30 September 2014 about these businesses is as follows:

	Unaudited				Group HK\$'000
	Financial information services business HK\$'000	Securities and futures business HK\$'000	Money lending business HK\$'000	Property investment HK\$'000	
<b>Revenue</b>	7,114	—	430	1,468	9,012
Segment results	(19,377)	(1,202)	412	1,115	(19,052)
Other income and gains					7
Finance costs					(236)
<b>Loss before income tax</b>					(19,281)
Income tax					(76)
<b>Loss for the period</b>					(19,357)

The segment assets and liabilities at 30 September 2015 are as follows:

	Unaudited				Group HK\$'000
	Financial information services business HK\$'000	Securities and futures business HK\$'000	Money lending business HK\$'000	Property investment HK\$'000	
Assets	23,734	18,523	231	94,698	137,186
Liabilities	11,950	1,897	1,353	22,786	37,986

The segment assets and liabilities at 31 March 2015 are as follows:

	Audited				
	Financial information services business HK\$'000	Securities and futures business HK\$'000	Money lending business HK\$'000	Property investment HK\$'000	Group HK\$'000
Assets	34,957	19,897	517	94,157	149,528
Liabilities	10,798	2,219	632	22,398	36,047

## 5. FINANCE COSTS

	Unaudited			
	For the three months ended 30 September 2015 HK\$'000		For the six months ended 30 September 2014 HK\$'000	
Interest expenses on bank borrowings — not wholly repayable within five years	<b>104</b>	117	<b>210</b>	236
Interest on finance lease	—	—	—	—
	<b>104</b>	117	<b>210</b>	236

## 6. LOSS BEFORE INCOME TAX

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Loss before income tax is arrived at after charging:				
Operating lease charges				
— rental of office premises	1,865	1,443	3,451	2,996
Depreciation of property, plant and equipment	714	644	1,382	1,367
Staff costs, including directors' emoluments				
— salaries and allowances	6,068	6,995	11,857	13,746

## 7. INCOME TAX

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

No Hong Kong profits tax has been provided for the three months and six months ended 30 September 2015 (2014: 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\$78,000 during the six months ended 30 September 2015 (2014: HK\$76,000) was mainly attributable to the net rental income from the investment properties of the Company in the PRC.

## 8. DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 30 September 2015 (2014: Nil).

## 9. LOSS PER SHARE

### a) Basic

The calculation of basic loss per share is based on the loss attributable to owners of the Company for the three months and six months ended 30 September 2015 of approximately HK\$(8,856,000) and HK\$(17,209,000) respectively (three months and six months ended 30 September 2014: approximately HK\$(8,669,000) and HK\$(17,006,000) respectively) and on the weighted average number of 440,818,880 shares and 442,095,383 shares respectively in issue during the three months and six months ended 30 September 2015 (three months and six months ended 30 September 2014: 440,818,880 shares).

### b) Diluted

No computation of diluted loss per share for the six months ended 30 September 2015 and 2014 and for the three months ended 30 September 2015 and 2014 since the Company's share options and warrants outstanding during those periods were anti-dilutive.

## 10. ACCOUNTS RECEIVABLE

		<b>Unaudited 30 September 2015 HK\$'000</b>	Audited 31 March 2015 HK\$'000
Loans receivable	(i)	<b>178</b>	—
Trade receivables	(ii)	<b>2,291</b>	1,644
		<b>2,469</b>	1,644

- (i) Loans receivable are unsecured, interests bearing at rates ranging from 10% per annum to 2% per month, and have a term of not more than one year.
- (ii) The credit terms granted by the Group to its customers of financial information services business range from 14 days to 90 days. An aging analysis of trade receivables as at the end of the reporting period is as follows:

	<b>Unaudited</b> <b>30 September</b> <b>2015</b> <b>HK\$'000</b>	Audited 31 March 2015 HK\$'000
0–30 days	<b>336</b>	909
31–60 days	<b>330</b>	677
61–90 days	<b>745</b>	10
Over 90 days	<b>880</b>	48
	<b>2,291</b>	1,644

## 11. ACCOUNTS PAYABLE

	<b>Unaudited</b> <b>30 September</b> <b>2015</b> <b>HK\$'000</b>	Audited 31 March 2015 HK\$'000
Accounts payable to:		
— Clients of financial information services business	<b>2,892</b>	2,240
— Clients of securities and futures business, brokers, dealers and clearing houses	<b>1,829</b>	1,387
	<b>4,721</b>	3,627

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

	<b>Unaudited 30 September 2015 HK\$'000</b>	Audited 31 March 2015 HK\$'000
0–30 days	446	299
31–60 days	80	486
61–90 days	182	534
Over 90 days	2,184	921
	<b>2,892</b>	2,240

## 12. BANK BORROWINGS

	<b>Unaudited 30 September 2015 HK\$'000</b>	Audited 31 March 2015 HK\$'000
Secured bank loans	<b>10,845</b>	11,552

The bank borrowings were classified as current liabilities because the related loan agreement contains a repayment on demand clause which gives the lender the unconditional right to call the loan at any time. The bank borrowings will mature in February 2023.

The bank loans were secured by certain investment properties of the Group and a limited guarantee at the amount of HK\$17,000,000 provided by the Company and a director of the Company respectively.

The contractual interest rates on the Group's floating rate bank loans ranged from 3.7% per annum to 4% per annum.

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

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

### 13. SHARE CAPITAL

	Number of ordinary shares of HK\$0.01 each	Nominal value ordinary shares HK\$'000
<b>Authorised:</b>		
At 1 April 2014, 31 March 2015 and 30 September 2015	15,000,000,000	150,000
<b>Issued and fully paid:</b>		
At 1 April 2014 and 31 March 2015	440,818,880	4,408
Issue of shares upon exercise of unlisted warrants on 16 September 2015	14,600,000	146
At 30 September 2015	455,418,880	4,554

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

For the six months ended 30 September 2015, approximately HK\$5,869,000 unlisted warrants were exercised on 16 September 2015 at a subscription price of HK\$0.402 per share, resulting in the issue of 14,600,000 shares of HK\$0.01 each.

### 14. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Management fee paid to Maxx Capital Finance Limited ( <i>note i</i> )	150	150	300	300
Rental paid to Cyber Feel Limited ( <i>note i</i> )	819	724	1,638	1,448

*Note:*

- (i) Maxx Capital Finance Limited and Cyber Feel Limited are beneficially owned by Ms. LO Yuk Yee, 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 Xian 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**

Due to the keen competition within the market, the Group’s money lending business started to decline.

### **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\$6,171,000 for the six months ended 30 September 2015, representing a decrease of approximately 32% from approximately HK\$9,012,000 for the same period in 2014.

During the six months ended 30 September 2015, the Group recorded cost of sales amounting to approximately HK\$4,571,000, representing a decrease of 25% from approximately HK\$6,112,000 for the same period in 2014.

General and administrative expenses of the Group for the six months ended 30 September 2015 was approximately HK\$20,979,000 (2014: HK\$21,680,000), which represented an decrease of approximately 3% when compared to that of last year.

Finance costs for the six months ended 30 September 2015 was approximately HK\$210,000.

The Group's unaudited consolidated loss attributable to the owners of the Company for the six months ended 30 September 2015 was approximately HK\$17,209,000 (2014: loss of HK\$17,006,000).

## **Litigation**

In relation to a claim by the Company's indirect wholly-owned subsidiary, Finet Holdings Limited ("Finet Holdings"), against Bank of China (Hong Kong) Limited ("BOC") for BOC's overdue payment of HK\$1,950,141.60 pursuant to the Service Agreement (as defined below), BOC has responded by issuing a writ on 16 September 2015 on Finet Holdings, claiming for a declaration that the written service contract dated 12 September 2003, the written order form dated 23 June 2004 and the written service contract (addendum) dated 6 December 2006 (collectively, the "Service Agreement") entered into between Finet Holdings and BOC had been lawfully terminated on 31 December 2014 (the "Claim"). Finet Holdings is now in the process of mediation with BOC in connection with the Claim. No settlement has been reached by the parties.

## **Liquidity and Financial Resources**

At 30 September 2015, the net current assets of the Group was approximately HK\$11,631,000 (At 31 March 2015: HK\$25,729,000); the total equity of the Group was approximately HK\$99,200,000 (At 31 March 2015: HK\$113,481,000); the cash and bank deposits of the Group was approximately HK\$28,942,000 (At 31 March 2015: HK\$43,650,000).

## **Capital Structure**

At 30 September 2015, the Group had total outstanding bank borrowings of approximately of HK\$10,845,000 (At 31 March 2015: HK\$11,552,000).

## **Charges of Assets**

At 30 September 2015, certain investment properties of the Group with aggregate carrying value of approximately HK\$58,200,000 (At 31 March 2015: HK\$58,200,000) were pledged as securities for the borrowing facilities of the Group.

## **Gearing Ratio**

The Group's gearing ratio, representing total borrowings divided by total equity, was approximately 11% as at 30 September 2015 (At 31 March 2015: approximately 10%).

## **Significant Investments Held**

At 30 September 2015, the Group held available-for-sale financial assets of approximately HK\$203,000 (At 31 March 2015: HK\$295,000).

### **Exposure to Fluctuation in Exchange Rates**

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

### **Contingent Liabilities**

At 30 September 2015, the Group had no significant contingent liabilities.

### **Employee Information**

At 30 September 2015, the Group had 125 (At 31 March 2015: 128) full-time employees (including directors) in Hong Kong and the PRC.

The total staff costs (including Directors' remuneration) for the six months ended 30 September 2015 was approximately HK\$11,857,000 (2014: HK13,746,000). Other benefits provided by the Group to the employees include contribution to the mandatory provident fund under the Mandatory Provident Fund Schemes Ordinance and medical coverage.

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

As at 30 September 2015, 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		
<b>Executive Director:</b>							
Ms. LO Yuk Yee ("Ms. LO")	The Company	—	278,439,784 <i>(Note 1)</i>	—	—	278,439,784	61.14%
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	—	—	750,000	—	750,000	0.16%
Mr. Yiu Wing Hei ("Mr. YIU")	The Company	—	—	250,000	—	250,000	0.05%

Notes:

1. 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.
2. As at 30 September 2015, the Company had 455,418,880 ordinary shares of HK\$0.01 each in issue.

Save as disclosed above, as at 30 September 2015, 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 2015, 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		
<b>Substantial shareholders:</b>						
Maxx Capital (Note 1)	278,439,784	—	—	—	278,439,784	61.14%
Pablos (Note 1)	—	278,439,784	—	—	278,439,784	61.14%

Notes:

1. 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.
2. As at 30 September 2015, the Company had 455,418,880 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 30 September 2015 are as follows:

Name of grantee	Date of grant	Exercise price	Number of share options			Balance as at 30 September 2015
			Balance as at 1 April 2015	Granted during the period	Lapsed during the period	
<b>Executive Directors:</b>						
Mr. CHOW	30 September 2011 ( <i>Note 1</i> )	HK\$0.49	125,000	—	(125,000)	0
	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	125,000	—	(125,000)	0
<b>Employees</b>	30 September 2011 ( <i>Note 1</i> )	HK\$0.49	500,000	—	(500,000)	0
	3 January 2014 ( <i>Note 2</i> )	HK\$0.50	2,000,000	—	—	2,000,000
<b>Total</b>			3,250,000	—	(750,000)	2,500,000

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 September 2015	As at 31 March 2015
Vesting period: 6 months after 30 September 2011:	Lapsed	Lapsed
12 months after 30 September 2011:	Lapsed	Lapsed
18 months after 30 September 2011:	Lapsed	Lapsed
24 months after 30 September 2011:	Lapsed	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.

	<b>As at 30 September 2015</b>	<b>As at 31 March 2015</b>
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 report, the New Share Option Scheme fully complies with the requirements of Chapter 23 of the GEM Listing Rules.

## **OUTSTANDING UNLISTED WARRANTS**

As at 30 September 2015, the Company has outstanding warrants conferring the right to subscribe up to HK\$29,571,924 in aggregate for the shares of the Company. The issue price of each such warrant was HK\$0.02 and each of such warrants entitle the holder thereof to subscribe in cash for one ordinary share of HK\$0.01 each in the capital of the Company at an initial subscription price of HK\$0.402 per ordinary share of the Company, subject to adjustment at any time for the period commencing on 30 January 2012 to 4:00 p.m. (Hong Kong time) on 29 January 2017 (or if it is not a business day, the business

day immediately preceding such day). The exercise in full of the subscription rights attaching to the outstanding warrants as at 30 September 2015 will result in the issue of 73,562,000 ordinary shares of the Company.

## **OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS**

Save as disclosed above, the Directors are not aware of other person who, as at 30 September 2015, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

## **COMPETING INTERESTS**

None of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the six months ended 30 September 2015.

## **AUDIT COMMITTEE**

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

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

The unaudited condensed consolidated financial statements results of the Group for the six months ended 30 September 2015 have been reviewed by the audit committee of the Company.

## **DIRECTORS' INTEREST IN CONTRACTS**

Except for the transactions stated in Note 14 to the unaudited condensed consolidated financial statements, no contracts of significance in relation to the Group's business to which the Group was a party and in which any of the Directors had a material interest, whether directly or indirectly, subsisted during or at the end of the six months ended 30 September 2015 or at any time during such period (2014: 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 2015. 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 2015.

## **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 six months ended 30 September 2015.

## **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 2015, 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 2015, 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, 11 November 2015

*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.*