



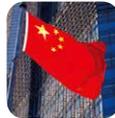
財華社
FINET

Finet Group Limited

(Continued in Bermuda with limited liability)
(Stock Code: 08317)



Financial
Market



Media
Business



Securities &
Financial
Awards



TV & App
Production



INTERIM REPORT
2016/17

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\$11,589,000 for the six months ended 30 September 2016, representing an increase of approximately 88% from approximately HK\$6,171,000 for the same period in 2015.
- The Group's unaudited consolidated loss attributable to owners of the Company for the six months ended 30 September 2016 was approximately HK\$17,113,000.
- The Board does not recommend the payment of dividend for the six months ended 30 September 2016.

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 2016, together with the comparative unaudited figures for the corresponding period in 2015 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2016

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Revenue	3	6,519	3,055	11,589	6,171
Cost of sales		(1,346)	(1,938)	(2,479)	(4,571)
Gross profit		5,173	1,117	9,110	1,600
Other income and gains	3	359	6	456	53
Selling and marketing expenses		(198)	(190)	(801)	(290)
General and administrative expenses		(11,137)	(10,993)	(22,735)	(20,979)
Finance costs	5	(2,424)	(104)	(4,182)	(210)
Loss before income tax	6	(8,227)	(10,164)	(18,152)	(19,826)
Income tax expense	7	(123)	(38)	(160)	(78)
Deferred tax income		310	—	525	—
Loss for the period		(8,040)	(10,202)	(17,787)	(19,904)
Loss attributable to:					
Owners of the Company		(8,523)	(8,856)	(17,113)	(17,209)
Non-controlling interests		483	(1,346)	(674)	(2,695)
		(8,040)	(10,202)	(17,787)	(19,904)

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Loss for the period		(8,040)	(10,202)	(17,787)	(19,904)
Other comprehensive expense:					
Fair value (loss) on available-for-sale financial assets		(25)	(38)	(7)	(92)
Currency translation differences		(938)	(170)	(670)	(154)
Other comprehensive expense for the period		(963)	(208)	(677)	(246)
Total comprehensive expense for the period		(9,003)	(10,410)	(18,464)	(20,150)
Attributable to:					
Owners of the Company		(9,486)	(9,064)	(17,790)	(17,455)
Non-controlling interests		483	(1,346)	(674)	(2,695)
		(9,003)	(10,410)	(18,464)	(20,150)
Loss per share for loss attributable to the owners of the Company during the period	9				
— Basic (in HK Cent)		(1.8)	(2.0)	(3.7)	(3.9)
— Diluted (in HK Cent)		N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2016

		Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		6,860	5,828
Investment properties		89,100	89,100
Intangible assets		950	950
Statutory deposits and other assets		656	656
Available-for-sale financial assets		102	109
		97,668	96,643
Current assets			
Accounts receivable	10	25,233	10,354
Prepayments, deposits and other receivables		5,994	6,663
Tax Recoverable		6	6
Client trust bank balances		129	921
Cash and cash equivalents		41,611	25,718
		72,973	43,662
Total assets		170,641	140,305

		Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
	Notes		
Current liabilities			
Accounts payable	11	1,786	4,390
Accruals and other payables		7,711	11,676
Deferred income		167	346
Amount due to a related company		3,129	2,692
Borrowings	12	9,430	10,138
		22,223	29,242
Net current assets		50,750	14,420
Total assets less current liabilities		148,418	111,063
Non-current liabilities			
Convertible bonds		58,517	13,930
Deferred tax liabilities		12,029	10,614
Net assets		77,872	86,519
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	13	4,654	4,654
Reserves		79,090	87,063
		83,744	91,717
Non-controlling interests		(5,872)	(5,198)
Total equity		77,872	86,519

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2016

	Attributable to owners of the Company													
	Share capital	Share premium	Merger reserve	Employee compensation reserve	Other reserve	Translation reserve	Convertible bonds equity component	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	HK\$'000
At 1 April 2015	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)
Other comprehensive income														
Fair value (loss) on available-for-sale financial assets	—	—	—	—	—	—	—	—	(92)	—	—	(92)	—	(92)
Currency translation difference	—	—	—	—	—	(154)	—	—	—	—	—	(154)	—	(154)
Total other comprehensive income	—	—	—	—	—	(154)	—	—	(92)	—	—	(246)	—	(246)
Total comprehensive income	—	—	—	—	—	(154)	—	—	(92)	—	(17,209)	(17,455)	(2,695)	(20,150)
Issue of shares upon exercise of unlisted warrants	146	5,723	—	—	—	—	—	—	—	—	—	5,869	—	—
At 30 September 2015	4,554	229,232	4,870	1,179	1,776	(264)	—	9,989	(92)	1,763	(150,689)	102,318	(3,118)	99,200
At 1 April 2016	4,654	233,644	4,870	393	1,776	281	3,490	9,989	—	1,271	(168,651)	91,717	(5,198)	86,519
Loss for the period	—	—	—	—	—	—	—	—	—	—	(17,113)	(17,113)	(674)	(17,787)
Other comprehensive income														
Fair value (loss) on available-for-sale financial assets	—	—	—	—	—	—	—	—	(7)	—	—	(7)	—	(7)
Currency translation difference	—	—	—	—	—	(670)	—	—	—	—	—	(670)	—	(670)
Total other comprehensive income	—	—	—	—	—	(670)	—	—	(7)	—	—	(677)	—	(677)
Total comprehensive income	—	—	—	—	—	(670)	—	—	(7)	—	(17,113)	(17,790)	(674)	(18,464)
Issue of convertible bonds	—	—	—	—	—	—	9,817	—	—	—	—	9,817	—	9,817
At 30 September 2016	4,654	233,644	4,870	393	1,776	(389)	13,307	9,989	(7)	1,271	(185,764)	83,744	(5,872)	77,872

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 September 2016

	For the six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
Net cash (outflow) from operating activities	(31,192)	(18,665)
Net cash (outflow) from investing activities	(2,365)	(1,219)
Net cash inflow from financing activities	50,182	5,289
Net increase/(decrease) in cash and cash equivalents	16,625	(14,595)
Cash and cash equivalents, at beginning of period	25,718	43,650
Effect of foreign exchange rate changes, net	(732)	(113)
Cash and cash equivalents, at end of period	41,611	28,942
Analysis of balances of cash and cash equivalents:		
Cash and cash equivalents	41,611	28,942

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 2016.

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 2016.

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 2016.

3. REVENUE AND OTHER INCOME AND GAINS

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

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Revenue				
Service income from provision of financial information services	238	1,531	620	3,155
Advertising, investor relationship and branding promotion and communication services income	4,404	657	5,357	1,280
Brokerage commission and service income	818	10	3,675	24
Loan interest income	700	116	1,214	223
Rental income from investment properties	359	741	723	1,489
	6,519	3,055	11,589	6,171
Other income and gains				
Fair value gain on held for trading investments	—	—	—	42
Interest income	1	1	2	3
Sundry income	358	5	454	8
	359	6	456	53
Total income	6,878	3,061	12,045	6,224

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 2016, 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 2016 about these businesses is as follows:

	Unaudited				
	Financial information services business HK\$'000	Securities and futures business HK\$'000	Money lending business HK\$'000	Property investment HK\$'000	Group HK\$'000
Revenue	5,977	3,675	1,214	723	11,589
Segment results	(16,263)	1,165	1,081	(409)	(14,426)
Other income and gains					456
Finance costs					(4,182)
Loss before income tax					(18,152)
Income tax					365
Loss for the period					(17,787)

Segment results for the six months ended 30 September 2015 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	
Revenue	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)
Loss before income tax					(19,826)
Income tax					(78)
Loss for the period					(19,904)

The segment assets and liabilities at 30 September 2016 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	15,382	20,671	27,078	107,510	170,641
Liabilities	9,479	864	12	82,414	92,769

The segment assets and liabilities at 31 March 2016 are as follows:

	Audited				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	18,792	20,514	10,152	90,847	140,305
Liabilities	13,325	1,906	752	37,803	53,786

5. FINANCE COSTS

	Unaudited			
	For the three months ended 30 September 2016 HK\$'000		For the six months ended 30 September 2015 HK\$'000	
Interest expenses on bank borrowings — not wholly repayable within five years	92	104	184	210
Effective interest expense on convertible bonds	2,332	—	3,998	—
	2,424	104	4,182	210

6. LOSS BEFORE INCOME TAX

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Loss before income tax is arrived at after charging:				
Operating lease charges				
— rental of office premises	2,125	1,865	4,254	3,451
Depreciation of property, plant and equipment	676	714	1,355	1,382
Staff costs, including directors' emoluments				
— salaries and allowances	6,308	6,068	13,021	11,857

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 2016 (2015: 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\$160,000 during the six months ended 30 September 2016 (2015: HK\$78,000) 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 2016 (2015: 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 2016 of approximately HK\$(8,523,000) and HK\$(17,113,000) respectively (three months and six months ended 30 September 2015: approximately HK\$(8,856,000) and HK\$(17,209,000) respectively) and on the weighted average number of 465,418,880 shares in issue during the three months and six months ended 30 September 2016 (three months and six months ended 30 September 2015: weighted average number of 440,818,880 shares in issue and 442,095,383 shares in issue respectively).

b) Diluted

No computation of diluted loss per share for the six months ended 30 September 2016 and 2015 and for the three months ended 30 September 2016 and 2015 since the Company's share options and warrants outstanding during those periods were anti-dilutive.

10. ACCOUNTS RECEIVABLE

		Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
Loans receivable	(i)	24,892	10,150
Trade receivables	(ii)	341	204
		<hr/> 25,233	<hr/> 10,354

- (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:

	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
0–30 days	77	164
31–60 days	206	18
61–90 days	58	—
Over 90 days	—	22
	<hr/> 341	<hr/> 204

11. ACCOUNTS PAYABLE

	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
Accounts payable to:		
— Accounts payable arising from securities broking and futures broking	129	921
— Other accounts payable	1,657	3,469
	<hr/> 1,786	<hr/> 4,390

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

	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
0–30 days	239	422
31–60 days	118	251
61–90 days	124	88
Over 90 days	1,176	2,708
	1,657	3,469

12. BANK BORROWINGS

	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
Secured bank loans	9,430	10,138

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
Authorised:		
At 30 September 2016	15,000,000,000	150,000
Issued and fully paid:		
At 30 September 2016	465,418,880	4,654

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.

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	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Management fee paid to Maxx Capital Finance Limited (<i>note i</i>)	0	150	150	300
Referral fee in relation to the money lending business paid to Maxx Capital Finance Limited	0	0	120	0
Rental paid to Cyber Feel Limited (<i>note i</i>)	922	819	1,844	1,638

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.

15. CONVERTIBLE BONDS

Convertible bonds at amortized costs:

The analysis of liability component at amortized costs of the convertible bonds are as follows:

	Unaudited 30 September 2016 HK\$'000
Carrying amount as at 1 April	13,930
Liability component on recognition	40,589
Interest charged (Note 5)	3,998
	<hr/>
Carrying amount as at 30 September	58,517

15a. INFORMATION OF THE CONVERTIBLE BOND (FIRST BATCH)

Subscriber	Maxx Capital International Limited
Issuer	Finet Group Limited
Date of issue	23 December 2015
Date of Maturity	2 years from issue date
Subscribed Amount	HKD17,424,000
Coupon	3% per annum, payable on an annual basis
Conversion Price	HK\$0.396 with reset mechanism and adjustments
Optional Redemption	Subject to the consent by the bondholder, the Company may, on giving not less than 30 Days' notice to the bondholder, redeem all or part of the Convertible bond then outstanding at 100% of their principal amount any time before maturity.
Number of shares to be issued upon conversion for the Convertible Notes	44,000,000
Underlying stock price as of the valuation date	The initial Conversion Price of HK\$0.396 per Conversion Share was arrived at after arm's length negotiations among the parties to the Share Subscription Agreement after taking into account, among other things, the prevailing market price of the Shares, the financial performance of the Group and the current market conditions.

15b. INFORMATION OF THE CONVERTIBLE BOND (SECOND BATCH)

Subscriber	Maxx Capital International Limited
Issuer	Finet Group Limited
Date of issue	6 May 2016
Date of Maturity	2 years from issue date
Subscribed Amount	HKD17,424,000
Coupon	3% per annum, payable on an annual basis
Conversion Price	HK\$0.396 with reset mechanism and adjustments
Optional Redemption	Subject to the consent by the bondholder, the Company may, on giving not less than 30 Days' notice to the bondholder, redeem all or part of the Convertible bond then outstanding at 100% of their principal amount any time before maturity.
Number of shares to be issued upon conversion for the Convertible Notes	44,000,000
Underlying stock price as of the valuation date	The initial Conversion Price of HK\$0.396 per Conversion Share was arrived at after arm's length negotiations amongst the parties to the Share Subscription Agreement after taking into account, among other things, the prevailing market price of the Shares, the financial performance of the Group and the current market conditions.

15c. INFORMATION OF THE CONVERTIBLE BOND (THIRD BATCH)

Subscriber	Maxx Capital International Limited
Issuer	Finet Group Limited
Date of issue	6 May 2016
Date of Maturity	2 years from issue date
Subscribed Amount	HKD17,424,000
Coupon	3% per annum, payable on an annual basis
Conversion Price	HK\$0.396 with reset mechanism and adjustments
Optional Redemption	Subject to the consent by the bondholder, the Company may, on giving not less than 30 Days' notice to the bondholder, redeem all or part of the Convertible bond then outstanding at 100% of their principal amount any time before maturity.
Number of shares to be issued upon conversion for the Convertible Notes	44,000,000
Underlying stock price as of the valuation date	The initial Conversion Price of HK\$0.396 per Conversion Share was arrived at after arm's length negotiations amount the parties to the Share Subscription Agreement after taking into account, among other things, the prevailing market price of the Shares, the financial performance of the Group and the current market conditions.

15d. INFORMATION OF THE CONVERTIBLE BOND (FOURTH BATCH)

Subscriber	Maxx Capital International Limited
Issuer	Finet Group Limited
Date of issue	12 May 2016
Date of Maturity	2 years from issue date
Subscribed Amount	HKD17,424,000
Coupon	3% per annum, payable on an annual basis
Conversion Price	HK\$0.396 with reset mechanism and adjustments
Optional Redemption	Subject to the consent by the bondholder, the Company may, on giving not less than 30 Days' notice to the bondholder, redeem all or part of the Convertible bond then outstanding at 100% of their principal amount any time before maturity.
Number of shares to be issued upon conversion for the Convertible Notes	44,000,000
Underlying stock price as of the valuation date	The initial Conversion Price of HK\$0.396 per Conversion Share was arrived at after arm's length negotiations among the parties to the Share Subscription Agreement after taking into account, among other things, the prevailing market price of the Shares, the financial performance of the Group and the current market conditions.



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 property 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 has been significantly improved, the loan interest income increased by approximately HK\$991,000 comparing to the same period in last year.

Financial Information Service Business

Taking into consideration of the adverse market situation, the Group has decided to gradually scale down the provision of financial information services and technology platform to our customers. The major reason of the scale down was the decreasing in profit margin within this business segment in recent years. As a result of our downsizing exercise, our data center cost and information supplier cost will have significantly decrease in this financial year.

Securities and Futures Business

The Group has been focusing in securities business this year, the revenue generated from securities and futures business increased by approximately HK\$3,651,000 comparing to the same period in last year.

Financial Review

The Group reported a turnover of approximately HK\$11,589,000 for the six months ended 30 September 2016, representing an increase of approximately 88% from approximately HK\$6,171,000 for the same period in 2015.

During the six months ended 30 September 2016, the Group recorded cost of sales amounting to approximately HK\$2,479,000, representing a decrease of 46% from approximately HK\$4,571,000 for the same period in 2015.

General and administrative expenses of the Group for the six months ended 30 September 2016 was approximately HK\$22,735,000 (2015: HK\$20,979,000), which represented an increase of approximately 8% when compared to that of last year.

Finance costs for the six months ended 30 September 2016 was approximately HK\$4,182,000, which included effective interest expenses on convertible bonds of approximately HK\$3,998,000, and interest expenses on bank borrowings of approximately HK\$184,000 (2015: effective interest expenses on convertible bonds: 0 and interest expenses on bank borrowings: approximately HK\$210,000).

The Group's unaudited consolidated loss attributable to the owners of the Company for the six months ended 30 September 2016 was approximately HK\$17,113,000 (2015: loss of HK\$17,209,000).

Liquidity and Financial Resources

At 30 September 2016, the net current assets of the Group was approximately HK\$50,750,000 (At 31 March 2016: HK\$14,420,000); the total equity of the Group was approximately HK\$77,872,000 (At 31 March 2016: HK\$86,519,000); the cash and bank deposits of the Group was approximately HK\$41,611,000 (At 31 March 2016: HK\$25,718,000).

Bank Borrowings

At 30 September 2016, the Group had total outstanding bank borrowings of approximately of HK\$9,430,000 (At 31 March 2016: HK\$10,138,000).

Charges of Assets

At 30 September 2016, certain investment properties of the Group with aggregate carrying value of approximately HK\$58,200,000 (At 31 March 2016: 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 87% as at 30 September 2016 (based on total borrowings of approximately HK\$67,947,000 as at 30 September 2016) (At 31 March 2016: approximately 28% based on total borrowings of approximately HK\$24,068,000).

Significant Investments Held

At 30 September 2016, the Group held available-for-sale financial assets of approximately HK\$102,000 (At 31 March 2016: HK\$109,000).

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 2016, the Group had no significant contingent liabilities.

Employee Information

At 30 September 2016, the Group had 110 (At 31 March 2016: 117) 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 2016 was approximately HK\$13,021,000 (2015: HK\$11,857,000). 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 2016, 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	20,944,858 (L)	239,439,784 (L)	—	—	—	55.95 (L)
		—	26,184,539 (S)	—	—	—	5.63 (S)
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	—	—	500,000 (L)	—	500,000 (L)	0.11%
(L)	denotes long positions						
(S)	denotes short positions						

Notes:

1. 172,677,644 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, Ms. LO were deemed by virtue of the SFO to be interested in 260,384,642 ordinary shares of HK\$0.01 each.
2. As at 30 September 2016, the Company had 465,418,880 ordinary shares of HK\$0.01 each in issue.

Save as disclosed above, as at 30 September 2016, 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 2016, 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:

(i) Long Positions in the Shares

Name of Shareholders	Capacity	Number of Shares held	Number of Underlying Shares held	Total Number of Shares	Approximate percentage of existing shareholding (Note 2)
Substantial shareholders					
Lo Yuk Yee (Note 1)	Beneficial Owner	20,944,858 (L)	—	260,384,642 (L)	55.95%
	Interest of Controlled Corporation	239,439,784 (L)			
Pablos (Note 1)	Interest of Controlled Corporation	206,439,784 (L)	—	206,439,784 (L)	44.36%
Maxx Capital (Note 1)	Beneficial Owner	172,677,644 (L)	—	172,677,644 (L)	37.10%
Central Huijin Investment Ltd.	Interest of Controlled Corporation	130,351,206 (L)	—	130,351,206 (L)	28.01%
China Construction Bank Corporation	Interest of Controlled Corporation	130,351,206 (L)	—	130,351,206 (L)	28.01%
Wang Yuan	Beneficial Owner	39,000,000 (L)	—	39,000,000 (L)	8.38%

(L) denotes long positions

(ii) Short Positions in the Shares

Name of Shareholders	Capacity	Number of Shares held	Number of Underlying Shares held	Total Number of Shares	Approximate percentage of existing shareholding <i>(Note 2)</i>
Substantial shareholders					
Lo Yuk Yee <i>(Note 1)</i>	Interest of Controlled Corporation	26,184,539 (S)	—	26,184,539 (S)	5.63%
Pablos <i>(Note 1)</i>	Interest of Controlled Corporation	26,184,539 (S)	—	26,184,539 (S)	5.63%
Maxx Capital <i>(Note 1)</i>	Interest of Controlled Corporation	26,184,539 (S)	—	26,184,539 (S)	5.63%

(S) denotes short positions

Notes:

- 172,677,644 ordinary shares of HK\$0.01 each were held by Maxx Capital International Limited (“Maxx Capital”), which was wholly-owned by Pablos International Limited (“Pablos”) and Pablos was wholly-owned by Ms. LO Yuk Yee, (“Ms. Lo”) Director of the Company. Ms. LO is a director of each of Maxx Capital and Pablos.
- As at 30 September 2016, the Company had 465,418,880 ordinary Shares held HK\$0.01 each in issue.

PUBLIC FLOAT

The Directors will not repurchase the Shares on GEM if the repurchase would result in the number of the listed securities which are in the hands of the public falling below 25%, being the relevant minimum prescribed percentage for the Company as required by the GEM Listing Rules.

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 2016 are as follows:

Name of grantee	Date of grant	Exercise price	Number of share options			Balance as at 30 September 2016
			Balance as at 1 April 2016	Granted during the period	Lapsed during the period	
Executive Directors:						
Mr. CHOW	3 January 2014 (Note 1)	HK\$0.50	500,000	—	—	500,000
Employee	3 January 2014 (Note 1)	HK\$0.50	1,000,000	—	—	1,000,000
Total			1,500,000	—	—	1,500,000

Note:

- 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 30 September 2016	As at 31 March 2016
Vesting period: 6 months after 3 January 2014:	50%	50%
12 months after 3 January 2014:	50%	50%

OUTSTANDING UNLISTED WARRANTS

As at 30 September 2016, the Company has outstanding warrants conferring the right to subscribe up to HK\$25,551,924 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 2016 will result in the issue of 63,562,000 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 2016, 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 2016.

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 2016 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 2016 or at any time during such period (2015: 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 2016. 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 2016.

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 2016.

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 2016, 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 2016, 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 2016

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