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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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2017

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\$5,231,000 for the three months ended 30 June 2017, representing an increase of approximately 3.2% from approximately HK\$5,069,000 for the same period in 2016.
- The Group's unaudited consolidated loss attributable to the owners of the Company for the three months ended 30 June 2017 was approximately HK\$9,131,000.
- The Board does not recommend the payment of dividend for the three months ended 30 June 2017.

The board of Directors (the “Board”) is pleased to present the unaudited results of the Group for the three months ended 30 June 2017, together with the comparative unaudited figures for the corresponding period in 2016 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2017

	Notes	For the three months ended 30 June	
		2017 HK\$'000	2016 HK\$'000
Revenue	3	5,231	5,069
Cost of sales		<u>(372)</u>	<u>(1,132)</u>
Gross profit		4,859	3,937
Other income and gains	3	23	97
Selling and marketing expenses		(1)	(603)
General and administrative expenses		(12,594)	(11,598)
Finance costs		<u>(2,795)</u>	<u>(1,758)</u>
Loss before income tax		(10,508)	(9,925)
Income tax expense	4	(33)	(37)
Deferred tax income		<u>174</u>	<u>215</u>
Loss for the period		<u><u>(10,367)</u></u>	<u><u>(9,747)</u></u>
Loss attributable to:			
— Owners of the Company		(9,131)	(8,590)
— Non-controlling interests		<u>(1,236)</u>	<u>(1,157)</u>
		<u><u>(10,367)</u></u>	<u><u>(9,747)</u></u>
Loss per share for loss attributable to the owners of the Company during the period			
— Basic and diluted (<i>in HK cent</i>)	6	<u><u>(1.73)</u></u>	<u><u>(1.85)</u></u>
Loss for the period		(10,367)	(9,747)
Other comprehensive income:			
Fair value gain on available-for-sale financial assets		—	17
Currency translation differences		<u>653</u>	<u>268</u>
Other comprehensive income for the period		<u>653</u>	<u>285</u>
Total comprehensive expense for the period		<u><u>(9,714)</u></u>	<u><u>(9,462)</u></u>
Total comprehensive expense attributable to:			
— Owners of the Company		(8,478)	(8,305)
— Non-controlling interests		<u>(1,236)</u>	<u>(1,157)</u>
		<u><u>(9,714)</u></u>	<u><u>(9,462)</u></u>

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 14 August 2017.

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 2017.

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 2017.

3. REVENUE AND OTHER INCOME AND GAINS

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

	Unaudited For the three months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Revenue		
Service income from provision of financial information services	193	382
Advertising, investor relationship and branding promotion and communication service income	4,057	952
Brokerage commission and service income from securities and futures business	4	2,857
Loan interest income	213	514
Rental income from investment properties	764	364
	<u>5,231</u>	<u>5,069</u>
Other income and gains		
Interest income	1	1
Sundry income	22	96
	<u>23</u>	<u>97</u>
Total	<u>5,254</u>	<u>5,166</u>

4. INCOME TAX EXPENSE

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

No Hong Kong profits tax has been provided for the three months ended 30 June 2017 (2016: Nil) as the Group had no assessable profit arising in or derived from Hong Kong for the period.

The People's Republic of China ("PRC") income tax of approximately HK\$33,000 was paid during the three months ended 30 June 2017 (2016: HK\$37,000) for the net rental income from the investment properties of the Company in the PRC.

5. DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 30 June 2017 (2016: Nil).

6. LOSS PER SHARE

(a) Basic

Basic (loss) per share is calculated by dividing the loss attributable to owners of the Company for the three months ended 30 June 2017 of approximately HK\$9,131,000 (2016: HK\$8,590,000) by the number of 528,980,880 (2016: 465,418,880) ordinary shares in issue during the period.

(b) Diluted

No computation of diluted loss per share for the three months ended 30 June 2017 and 2016 since the Company's share options and warrants outstanding during those periods were either anti-dilutive or the effects were minimal.

7. MOVEMENT OF RESERVES

For the three months ended 30 June 2017 (Unaudited)

	Reserves												Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Employee compensation reserve	Other reserve	Convertible bonds equity component	Translation reserve	Property revaluation reserve	Investment revaluation reserve	Warrants reserve	Accumulated losses	Total reserves		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2016	4,654	233,644	4,870	393	1,776	3,490	281	9,989	—	1,271	(168,651)	91,717	(5,198)	86,519
Loss for the period	—	—	—	—	—	—	—	—	—	—	(8,590)	(8,590)	(1,157)	(9,747)
Other comprehensive income														
Fair value loss on available-for-sale financial assets	—	—	—	—	—	—	—	—	17	—	—	17	—	17
Currency translation difference	—	—	—	—	—	—	268	—	—	—	—	268	—	268
Total other comprehensive income	—	—	—	—	—	—	268	—	17	—	—	285	—	285
Total comprehensive (expense)/income	—	—	—	—	—	—	268	—	17	—	(8,590)	(8,305)	(1,157)	(9,462)
Issue of convertible bond	—	—	—	—	—	9,817	—	—	—	—	—	9,817	—	9,817
At 30 June 2016	4,654	233,644	4,870	393	1,776	13,307	549	9,989	17	1,271	(177,241)	93,229	(6,355)	86,874
At 1 April 2017	5,290	259,831	4,870	393	1,776	13,307	(1,582)	9,989	—	—	(197,773)	96,101	(8,223)	87,878
Loss for the period	—	—	—	—	—	—	—	—	—	—	(9,131)	(9,131)	(1,236)	(10,367)
Other comprehensive income														
Fair value loss on available-for-sale financial assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Currency translation difference	—	—	—	—	—	—	653	—	—	—	—	653	—	653
Total other comprehensive income	—	—	—	—	—	—	653	—	—	—	—	653	—	653
Total comprehensive (expense)/income	—	—	—	—	—	—	653	—	—	—	(9,131)	(8,478)	(1,236)	(9,714)
At 30 June 2017	5,290	259,831	4,870	393	1,776	13,307	(929)	9,989	—	—	(206,904)	87,623	(9,459)	78,164

8. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Unaudited	
	For the three months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Management fee paid to Maxx Capital Finance Limited (<i>Note i</i>)	—	150
Referral fee in relation to the money lending business paid to Maxx Capital Finance Limited	—	120
Rental Expenses Paid to Avaya Lane Limited (<i>Note i</i>)	90	—
Rental Expenses Paid to Maxon Management Limited (<i>Note i</i>)	436	—
Rental Expenses Paid to Cyber Feel Limited (<i>Note i</i>)	922	922
Rental Expenses Paid to a director (<i>Note ii</i>)	69	69
	<u>917</u>	<u>1,061</u>

Notes:

- (i) Maxx Capital Finance Limited, Cyber Feel Limited, Maxon Management Limited and Avaya Lane Limited are beneficially owned by Ms. LO, the chairman and executive director of the Company.
- (ii) Rental Expenses paid to Ms. LO, the chairman and the director of the Company.

9. EVENTS AFTER THE REPORTING PERIOD

- (i) On 14 March 2017, Finet Group (BVI) Limited, a direct wholly-owned subsidiary of the Company, has entered into the provisional agreement with an independent third party, BACOB Management Limited, pursuant to which Finet Group (BVI) Limited has conditionally agreed to sell and the purchaser has conditionally agreed to purchase the sale shares representing the entire issued share capital of Pink Angel Investments Limited (“Disposal Company”) together with the sale debt at a disposal consideration of HK\$68,000,000 (subject to adjustment). The principal asset of Disposal Company is the commercial properties located in Hong Kong. The disposal constitutes a major transaction of the Company under Chapter 19 of the GEM Listing Rules and are subject to the approval of the independent shareholders of the Company at the special general meeting (“SGM”). The Company had adjourned the SGM on 12 June 2017, and reconvened and held on 11 July 2017. At the reconvened SGM held on 11 July 2017, the proposed resolution to sell Disposal Company was duly passed by way of poll by the shareholders of the Company. The disposal was completed on 12 July 2017.

For details, please refer to the Company’s announcements dated 14 March 2017, 13 April 2017 and 23 May 2017, 13 May 2017, 26 June 2017, 30 June 2017 and 11 July 2017.

- (ii) On 24 April 2017, Source Mega Properties Limited (“Source Mega”), an indirect wholly-owned subsidiary of the Company, Ms. LO and Pablos entered into provisional agreements A, B and C in relation to acquisition of entire interests in three property holding companies, namely, Maxon Management Limited (“Maxon”), Avaya Lane Limited and Herrick Investments Limited with considerations approximately HK\$52,000,000, HK\$15,000,000 and HK\$22,000,000 respectively (subject to adjustments). The Company adjusted the amount of considerations on 11 May 2017 of the provisional agreements A and C, and the new considerations approximately to be HK\$58,000,000 and HK\$23,000,000 respectively (subject to further adjustments). The Company announced that provisional agreements B and C were terminated on 21 June 2017. The Company further announced that the amount of consideration of the provisional agreement A is adjusted to HK\$54,000,000 on 13 July 2017.

Upon completion, the Company, through the Source Mega will hold the entire issued ordinary shares in Maxon and it will become an indirect wholly-owned subsidiary of the Company. Maxon is holding a commercial property located at central business district in Hong Kong. This transaction constitutes a connected major transaction of the Company under the GEM Listing Rules. This transaction is subject to the approval of the independent shareholders of the Company at a special general meeting to be held by the Company on 24 August 2017 and has not been completed as of the date of approval of these consolidated financial statements.

For details, please refer to the Company’s announcements dated 24 April 2017, 11 May 2017, 21 June 2017, 13 July 2017 and 7 August 2017.

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 have been successfully leased out during last financial year. Together with the investment properties in the PRC and Hong Kong, the property investment business continued to provide stable income and result a positive contribution to the financial results of the Group.

Money Lending Business

Due to the keen competition within the market, the improvement in Group’s money lending business is still a challenging task.

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 were significantly decreased in this financial period.

Securities and Futures Business

The revenue generated from securities and futures business decreased because of decrease in special administration service income from handling of stock.

Financial Review

The Group reported a turnover of approximately HK\$5,231,000 for the three months ended 30 June 2017, representing an increase of approximately 3.2% from approximately HK\$5,069,000 for the same period in 2016.

During the three months ended 30 June 2017, the Group recorded cost of sales amounting to approximately HK\$372,000 representing a decrease of 67% from approximately HK\$1,132,000 for the same period in 2016.

General and administrative expenses of the Group for the three months ended 30 June 2017 was increased by approximately 8.6% to approximately HK\$12,594,000 (2016: HK\$11,598,000).

Depreciation for the three months ended 30 June 2017 was increased approximately by 2.5% to approximately HK\$696,000 (2016: HK\$679,000). Interest expenses for the three months ended 30 June 2017 was increased approximately by 59% to approximately HK\$2,795,000 (2016: HK\$1,758,000) which was mainly due to three batches of convertible bonds being issued in May 2016.

Loss before interest, tax, depreciation and amortisation for the three months ended 30 June 2017 was decreased approximately by 6.3% to approximately HK\$7,016,000 (2016: HK\$7,487,000).

The Group's unaudited consolidated loss attributable to the owners of the Company for the three months ended 30 June 2017 was approximately HK\$9,131,000 (2016: HK\$8,590,000).

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.

Employee Information

At 30 June 2017, the Group had 126 (At 30 June 2016: 99) full-time employees in Hong Kong and the PRC.

The total staff costs (including Directors' remuneration) for the three months ended 30 June 2017 was approximately HK\$7,205,000 (2016: HK\$6,713,000). 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 June 2017, 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	The Company	58,058,058 (L)	239,439,784 (L)	—	—	—	56.24% (L)
			26,184,539 (S)	—	—	—	4.95% (S)
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	—	—	500,000 (L)	—	500,000 (L)	0.09%

(L) denotes long positions

(S) denotes short positions

Notes:

- 206,439,784 Shares 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. Accordingly, Ms. Lo was deemed by virtue of the SFO to be interested in 297,497,842 Shares.
- As at the Latest Practicable Date, the Company had 528,980,880 Shares.

Save as disclosed above, as at 30 June 2017, none of the Directors or chief executive of the Company nor their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITION IN THE SHARES OF THE COMPANY

As at 30 June 2017, 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:

(a) 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)
Ms. Lo (Note 1)	Beneficial Owner	58,058,058 (L)	—	297,497,842 (L)	56.24%
	Interest of Controlled Corporation	239,439,784 (L)			
Pablos (Note 1)	Interest of Controlled Corporation	206,439,784 (L)	—	206,439,784 (L)	39.03%
Maxx Capital (Note 1)	Beneficial Owner	206,439,784 (L)	—	206,439,784 (L)	39.03%
Wise Capital Limited	Beneficial Owner	33,000,000 (L)	—	33,000,000 (L)	6.24%
Central Huijin Investment Ltd.	Interest of Controlled Corporation	160,799,924 (L)	—	160,799,924 (L)	30.40%
China Construction Bank Corporation	Interest of Controlled Corporation	160,799,924 (L)	—	160,799,924 (L)	30.40%
Wang Yuan	Beneficial Owner	39,000,000 (L)	—	39,000,000 (L)	7.37%
Broadgain International Limited	Beneficial Owner	43,800,000 (L)	—	43,800,000 (L)	8.28%

(L) denotes long positions

(b) 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 (note 2)
Substantial Shareholders					
Ms. Lo (Note 1)	Interest of Controlled Corporation	26,184,539 (S)	—	26,184,539 (S)	4.95%
Pablos (Note 1)	Interest of Controlled Corporation	26,184,539 (S)	—	26,184,539 (S)	4.95%
Maxx Capital (Note 1)	Interest of Controlled Corporation	26,184,539 (S)	—	26,184,539 (S)	4.95%

(S) denotes short positions

Notes:

- 206,439,784 Shares were held by Maxx Capital, which was wholly-owned by Pablos, and Pablos was wholly-owned by Ms. Lo, a director of the Company. Ms. Lo is a director of each of Maxx Capital and Pablos.
- As at the Latest Practicable Date, the Company had 528,980,880 Shares.

MOVEMENTS OF OPTIONS

Details of movements of the share options granted under the valid share option scheme adopted (with its mandate limit refreshed at the annual general meeting of the Company held on 4 September 2014) for the period ended 30 June 2017 are as follows:

Name of grantee	Date of grant	Exercise price	Number of share options			
			Balance as at 1 April 2017	Granted during the period	Lapsed during the period	Balance as at 30 June 2017
Executive Directors:						
Mr. CHOW	3 January 2014 (Note 1)	HK\$0.5	500,000	—	—	500,000
Employee	3 January 2014 (Note 1)	HK\$0.5	1,000,000	—	—	1,000,000
Total			1,500,000	—	—	1,500,000

Notes:

1. For share options granted on 3 January 2014.

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

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

OUTSTANDING UNLISTED WARRANTS

As at 30 June 2017, the Company did not have any outstanding warrants.

OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS

Save as disclosed above, the Directors are not aware of other person who, as at 30 June 2017, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

COMPETING INTERESTS

None of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the three months ended 30 June 2017.

AUDIT COMMITTEE

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

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

The unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2017 have been reviewed by the audit committee of the Company.

CORPORATE GOVERNANCE PRACTICE

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

The Board has reviewed the Company's corporate governance practices and is of the opinion that the Company has met the provisions set out in the Corporate Governance Code ("CG Code"),

contained in Appendix 15 to the GEM Listing Rules throughout the three months ended 30 June 2017, except for the following deviation:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be the same individual. Ms. LO was the chairman of the Company since 25 January 2011. Mr. LUM Chor Wah, Richard was appointed as an executive Director and chief executive officer of the Company on 30 September 2010 until 28 June 2011. Thereafter, the post of chief executive officer was vacant and its roles and responsibilities were shared amongst the members of the Board. The Board is presently identifying a suitable candidate to be appointed as the chief executive officer and will make an announcement upon the appointment.

DIRECTORS' INTEREST IN CONTRACTS

Except for the transactions stated in Note 8 to the unaudited condensed consolidated financial statements, no contracts of significance in relation to the Group's business to which the Group was a party and in which any of the Directors had a material interest, whether directly or indirectly, subsisted during or at the end of the three months ended 30 June 2017 or at any time during such period (2016: Nil).

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealing as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the three months ended 30 June 2017. Having made specific enquiry of all Directors, all Directors have complied with the required standard of dealings and its code of conduct regarding securities transactions throughout the three months ended 30 June 2017.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY LISTED SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the three months ended 30 June 2017.

By Order of the Board

LO Yuk Yee

Chairman and Executive Director

Hong Kong, 14 August, 2017

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 and 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.