



2017  
2018

INTERIM REPORT

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

*New Field New Finet*



財華社  
FINET

Finet Group Limited

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

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

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

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*This report, for which the directors (the “**Directors**”) of Finet Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with The Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in this report misleading.*



## **RESULTS HIGHLIGHTS**

- The Group reported a turnover of approximately HK\$8,490,000 for the six months ended 30 September 2017, representing a decrease of approximately 26.7% from approximately HK\$11,589,000 for the same period in 2016.
- The Group's unaudited consolidated loss attributable to owners of the Company for the six months ended 30 September 2017 was approximately HK\$14,534,000.
- The Board does not recommend the payment of dividend for the six months ended 30 September 2017.

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 2017, together with the comparative unaudited figures for the corresponding period in 2016 as follows:

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30 September 2017

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
<b>Revenue</b>	3	<b>3,259</b>	6,519	<b>8,490</b>	11,589
Cost of sales		<b>(1,259)</b>	(1,346)	<b>(1,631)</b>	(2,479)
<b>Gross profit</b>		<b>2,000</b>	5,173	<b>6,859</b>	9,110
Other income and gains	3	<b>9,004</b>	359	<b>9,027</b>	456
Selling and marketing expenses		<b>(10)</b>	(198)	<b>(11)</b>	(801)
General and administrative expenses		<b>(15,299)</b>	(11,137)	<b>(27,893)</b>	(22,735)
Finance costs	5	<b>(2,357)</b>	(2,424)	<b>(5,152)</b>	(4,182)
<b>Loss before income tax</b>	6	<b>(6,662)</b>	(8,227)	<b>(17,170)</b>	(18,152)
Income tax expense	7	<b>(37)</b>	(123)	<b>(70)</b>	(160)
Deferred tax credit		<b>396</b>	310	<b>570</b>	525
<b>Loss for the period</b>		<b>(6,303)</b>	(8,040)	<b>(16,670)</b>	(17,787)
<b>Loss attributable to:</b>					
Owners of the Company		<b>(5,402)</b>	(8,523)	<b>(14,534)</b>	(17,113)
Non-controlling interests		<b>(901)</b>	483	<b>(2,136)</b>	(674)
		<b>(6,303)</b>	(8,040)	<b>(16,670)</b>	(17,787)
<b>Loss per share for loss attributable to the owners of the Company during the period</b>	9				
— Basic and diluted (in HK Cent)		<b>(1.02)</b>	(1.83)	<b>(2.75)</b>	(3.68)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2017

	For the three months ended 30 September		For the six months ended 30 September	
	2017	2016	2017	2016
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Loss for the period</b>	<b>(6,303)</b>	(8,040)	<b>(16,670)</b>	(17,787)
<b>Other comprehensive income/ (expense)</b>				
Fair value loss on available-for-sale financial assets	—	(25)	—	(7)
Currency translation differences	<b>1,240</b>	(938)	<b>1,893</b>	(670)
<b>Other comprehensive income/ (expense) for the period</b>	<b>1,240</b>	(963)	<b>1,893</b>	(677)
<b>Total comprehensive expense for the period</b>	<b>(5,063)</b>	(9,003)	<b>(14,777)</b>	(18,464)
<b>Attributable to:</b>				
Owners of the Company	<b>(4,163)</b>	(9,486)	<b>(12,641)</b>	(17,790)
Non-controlling interests	<b>(900)</b>	483	<b>(2,136)</b>	(674)
	<b>(5,063)</b>	(9,003)	<b>(14,777)</b>	(18,464)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

		<b>Unaudited 30 September 2017 HK\$'000</b>	Audited 31 March 2017 HK\$'000
	Notes		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	<b>63,062</b>	6,680
Investment properties	11	<b>30,800</b>	98,800
Intangible assets		<b>950</b>	950
Statutory deposits and other assets		<b>656</b>	656
		<b>95,468</b>	107,086
<b>Current assets</b>			
Accounts receivable	12	<b>12,519</b>	18,072
Prepayments, deposits and other receivables		<b>8,299</b>	13,027
Financial assets at fair value through profit or loss	13	<b>5,000</b>	10,400
Amount due from a related company		<b>1,558</b>	—
Client trust bank balances		<b>130</b>	129
Cash and cash equivalents		<b>33,611</b>	57,016
		<b>61,117</b>	98,644
<b>Total assets</b>		<b>156,585</b>	205,730

		<b>Unaudited 30 September 2017 HK\$'000</b>	Audited 31 March 2017 HK\$'000
	Notes		
<b>Current liabilities</b>			
Accounts payable	14	<b>1,683</b>	1,668
Accruals and other payables		<b>5,876</b>	14,173
Deferred income		<b>305</b>	480
Amount due to a related company		—	881
Borrowings	15	<b>17,475</b>	26,667
Convertible bonds	16	<b>49,195</b>	—
		<b>74,534</b>	43,869
<b>Net current (liabilities)/assets</b>		<b>(13,417)</b>	54,775
<b>Total assets less current liabilities</b>		<b>82,051</b>	161,861
<b>Non-current liabilities</b>			
Convertible bonds	16	—	62,858
Deferred tax liabilities		<b>10,403</b>	11,125
		<b>10,403</b>	73,983
<b>Net assets</b>		<b>71,648</b>	87,878
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	17	<b>5,290</b>	5,290
Reserves		<b>76,717</b>	90,811
		<b>82,007</b>	96,101
Non-controlling interests		<b>(10,359)</b>	(8,223)
<b>Total equity</b>		<b>71,648</b>	87,878

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Attributable to owners of the Company													Non-controlling interests	Total equity
	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			
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
<b>At 1 April 2016</b>	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)	
<b>Other comprehensive expense</b>															
Fair value loss on available-for-sale financial assets	—	—	—	—	—	—	—	—	(7)	—	—	(7)	—	(7)	
Currency translation difference	—	—	—	—	—	(670)	—	—	—	—	—	(670)	—	(670)	
<b>Total other comprehensive expense</b>	—	—	—	—	—	(670)	—	—	(7)	—	—	(677)	—	(677)	
<b>Total comprehensive expense</b>	—	—	—	—	—	(670)	—	—	(7)	—	(17,113)	(17,790)	(674)	(18,464)	
Issue of convertible bonds	—	—	—	—	—	—	11,757	—	—	—	—	11,757	—	11,757	
Deferred tax liabilities on recognition of equity components of convertible bonds	—	—	—	—	—	—	(1,940)	—	—	—	—	(1,940)	—	(1,940)	
<b>At 30 September 2016</b>	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	
<b>As at 1 April 2017</b>	5,290	259,831	4,870	393	1,776	(1,582)	13,307	9,989	—	—	(197,773)	96,101	(8,223)	87,878	
Loss for the period	—	—	—	—	—	—	—	—	—	—	(14,534)	(14,534)	(2,136)	(16,670)	
<b>Other comprehensive income</b>															
Currency translation differences	—	—	—	—	—	1,893	—	—	—	—	—	1,893	—	1,893	
<b>Total other comprehensive income</b>	—	—	—	—	—	1,893	—	—	—	—	—	1,893	—	1,893	
<b>Total comprehensive income/(expense)</b>	—	—	—	—	—	1,893	—	—	—	—	(14,534)	(12,641)	(2,136)	(14,777)	
Early redemption of convertible bonds	—	—	—	—	—	—	(3,491)	—	—	—	2,038	(1,453)	—	(1,453)	
<b>As at 30 September 2017</b>	5,290	259,831	4,870	393	1,776	311	9,816	9,989	—	—	(210,269)	82,007	(10,359)	71,648	

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017

	For the six months ended 30 September	
	2017 HK\$'000	2016 HK\$'000
<b>Net cash outflow from operating activities</b>	<b>(13,128)</b>	(31,808)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>34,197</b>	(2,365)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(44,544)</b>	50,182
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(23,475)</b>	16,009
<b>Cash and cash equivalents, at beginning of the period</b>	<b>57,016</b>	25,718
Effect of foreign exchange rate changes, net	<b>70</b>	(116)
<b>Cash and cash equivalents, at end of the period</b>	<b>33,611</b>	41,611
<b>Analysis of balances of cash and cash equivalents:</b>		
Cash and cash equivalents	<b>33,611</b>	41,611



# 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 14 November 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 (THE “HKICPA”) 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 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.

In the current interim period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 April 2017. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group’s accounting policies and amounts reported for the current year and prior year.

The Group has not yet applied new or revised HKFRSs that have been issued but not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new or revised HKFRSs would have a material impact on its results of operations.

### 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 September		For the six months ended 30 September	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
<b>Revenue</b>				
Service income from provision of financial information services	485	238	678	620
Advertising, investor relationship and branding promotion and communication services income	1,789	4,404	5,846	5,357
Brokerage commission and service income from securities and futures business	—	818	4	3,675
Loan interest income	327	700	540	1,214
Rental income	658	359	1,422	723
	<b>3,259</b>	6,519	<b>8,490</b>	11,589
<b>Other income and gains</b>				
Gain on a bargain purchase (note 20)	4,000	—	4,000	—
Gain on early redemption of convertible bonds	558	—	558	—
Interest income	2	1	3	2
Income from sharing of administrative expenses	1,555	—	1,555	—
Realised gain on disposal of financial assets at fair value through profit or loss	75	—	75	—
Reversal of provision for impairment loss of loan receivables	2,750	—	2,750	—
Sundry income	64	358	86	454
	<b>9,004</b>	359	<b>9,027</b>	456
<b>Total income</b>	<b>12,263</b>	6,878	<b>17,517</b>	12,045

#### 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 2017, 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 includes results of the media business, providing advertising, investor relationship and branding promotion and communication service;
- (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 2017 about these businesses are 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
<b>Revenue</b>	6,524	4	540	1,422	8,490
Segment results	(17,626)	(4,269)	551	299	(21,045)
Other income and gains					9,027
Finance costs					(5,152)
<b>Loss before income tax</b>					(17,170)
Income tax credit					500
<b>Loss for the period</b>					(16,670)

Segment results for the six months ended 30 September 2016 about these businesses are 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
<b>Revenue</b>	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)
<b>Loss before income tax</b>					(18,152)
Income tax credit					365
<b>Loss for the period</b>					(17,787)

The segment assets and liabilities at 30 September 2017 are 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
Assets	89,798	15,160	18,422	33,205	156,585
Liabilities	(74,253)	(183)	(656)	(9,845)	(84,937)

The segment assets and liabilities at 31 March 2017 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	31,616	24,294	26,483	123,337	205,730
Liabilities	(15,977)	(268)	(776)	(100,831)	(117,852)

## 5. FINANCE COSTS

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest expenses on bank borrowings — not wholly repayable within five years	260	92	431	184
Effective interest expense on convertible bonds	2,097	2,332	4,721	3,998
	<b>2,357</b>	<b>2,424</b>	<b>5,152</b>	<b>4,182</b>

## 6. LOSS BEFORE INCOME TAX

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss before income tax is arrived at after charging:				
Operating lease charges				
— rental of office premises	2,156	2,125	4,695	4,254
Depreciation of property, plant and equipment	817	676	1,513	1,355
Loss on disposal of a subsidiary	226	—	226	—
Unrealised loss on financial assets at fair value through profit or loss	1,500	—	1,500	—
Staff costs, including directors' emoluments				
— salaries and allowances	7,244	6,308	14,204	13,021

## 7. 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 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 2017 (2016: 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\$70,000 during the six months ended 30 September 2017 (2016: HK\$160,000) 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 2017 (2016: 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 2017 of approximately HK\$(5,402,000) and HK\$(14,534,000) respectively (three months and six months ended 30 September 2016: approximately HK\$(8,523,000) and HK\$(17,113,000) respectively) and on the weighted average number of 528,980,880 shares in issue during the three months and six months ended 30 September 2017 (three months and six months ended 30 September 2016: weighted average number of 465,418,880 shares in issue).

### **b) Diluted**

The computation of diluted loss per share for the three months and six months ended 30 September 2017 and 2016 did not assume the exercise of the Company's outstanding share options and convertible bonds during those periods since they are anti-dilutive, as their exercise would result in a decrease in loss per share.

## **10. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 September 2017, the Group acquired property, plant and equipment at a cost of approximately HK\$58,554,000 (six months ended 30 September 2016: HK\$2,368,000), which included a property at a cost of HK\$58,000,000 being acquired pursuant to the acquisition of a subsidiary (note 20).

During the six months ended 30 September 2017, the Group disposed of property, plant and equipment at the aggregate carrying amount of approximately HK\$1,438,000 (six months ended 30 September 2016: Nil).

## **11. INVESTMENT PROPERTIES**

During the six months ended 30 September 2017, the Group disposed of investment properties at the aggregate carrying amount of approximately HK\$68,000,000 (six months ended 30 September 2016: Nil) pursuant to the disposal of a subsidiary (note 19).

## 12. ACCOUNTS RECEIVABLE

		<b>Unaudited 30 September 2017 HK\$'000</b>	Audited 31 March 2017 HK\$'000
Loans receivable	(i)	<b>11,940</b>	17,878
Trade receivables	(ii)	<b>579</b>	194
		<b>12,519</b>	18,072

- (i) Loans receivable are unsecured, interests bearing at rates ranging from 7% per annum to 1% 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 30 September 2017 HK\$'000</b>	Audited 31 March 2017 HK\$'000
0–30 days	<b>342</b>	33
31–60 days	<b>12</b>	41
61–90 days	<b>6</b>	62
Over 90 days	<b>219</b>	58
	<b>579</b>	194

## 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>Unaudited 30 September 2017 HK\$'000</b>	Audited 31 March 2017 HK\$'000
Equity securities listed in Hong Kong, at fair value: Daisho Microline Holdings Limited (SEHK: 0567)	<b>5,000</b>	10,400

The fair value of all equity securities are based on their current market prices in an active market. At 30 September 2017, the Group held listed equity securities with a total market value of approximately HK\$5,000,000 (At 31 March 2017: HK\$10,400,000).

During the six months ended 30 September 2017, the realized gain and unrealized loss on financial assets at fair value through profit or loss were approximately HK\$75,000 (2016: Nil) and (HK\$1,500,000) (2016: Nil) respectively.

### At 30 September 2017 (Unaudited)

Name of company	Place of incorporation	Class of shares held	Portion of the nominal value issued ordinary shares held by the Group	Number of shares held by the Group	Unrealized gain or (loss) for the six months ended 30 September 2017 HK'000
Daisho Microline Holdings Limited (SEHK: 0567)	Bermuda	Ordinary shares	2.16%	12,500,000	(1,500)

### At 31 March 2017 (Audited)

Name of company	Place of incorporation	Class of shares held	Portion of the nominal value issued ordinary shares held by the Group	Number of shares held by the Group	Unrealized gain or (loss) for the six months ended 30 September 2016 HK'000
Daisho Microline Holdings Limited (SEHK: 0567)	Bermuda	Ordinary shares	3.47%	20,000,000	—

## 14. ACCOUNTS PAYABLE

	Unaudited 30 September 2017 HK\$'000	Audited 31 March 2017 HK\$'000
Accounts payable arising from securities broking and futures broking — Clients	130	129
Other accounts payable	1,553	1,539
	<b>1,683</b>	<b>1,668</b>

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

	<b>Unaudited 30 September 2017 HK\$'000</b>	Audited 31 March 2017 HK\$'000
0–30 days	<b>66</b>	—
31–60 days	—	—
61–90 days	<b>10</b>	36
Over 90 days	<b>1,477</b>	1,503
	<b>1,553</b>	1,539

## 15. BORROWINGS

	<b>Unaudited 30 September 2017 HK\$'000</b>	Audited 31 March 2017 HK\$'000
Secured bank loans	<b>17,475</b>	26,667

At 30 September 2017, the bank borrowings of approximately HK\$17,475,000 carried at floating rates which ranged from Hong Kong Interbank Offered Rate (“HIBOR”) plus 1.25% per annum to HIBOR plus 1.75% per annum. At 31 March 2017, the bank borrowings of approximately HK\$9,667,000 carried at a floating rate of Prime Rate less 0.75% per annum and the bank borrowings of approximately HK\$17,000,000 was a revolving loan carried at a floating rate of Prime Rate less 0.75% per annum with three month maturity cycle. The carrying amounts of bank borrowings are denominated in HK\$.

At 30 September 2017, the bank borrowings were pledged by certain property, plant and equipment of the Group and an unlimited guarantee provided by a director of the Company. At 31 March 2017, the bank borrowings were pledged by certain investment properties of the Group and a limited guarantee at the amount of HK\$35,000,000 by the Company.

The bank borrowings are 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.

## 16. CONVERTIBLE BONDS

Convertible bonds at amortized costs:

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

	<b>Unaudited 30 September 2017 HK\$'000</b>	Audited 31 March 2017 HK\$'000
Carrying amount as at beginning of period	<b>62,858</b>	13,930
Liability component on recognition	—	40,515
Interest charged	<b>4,721</b>	8,936
Interest paid	<b>(1,568)</b>	(523)
Early redemption	<b>(16,816)</b>	—
	<hr/>	<hr/>
Carrying amount as at end of period	<b>49,195</b>	62,858
Less: non-current portion	—	(62,858)
	<hr/>	<hr/>
Current portion	<b>49,195</b>	—

### Convertible bond 1 (the "CB 1")

On 23 December 2015, the Company issued convertible bonds with the aggregate principal amount of HK\$17,424,000 to the subscriber, Maxx Capital International Limited ("Maxx Capital"), which is beneficially owned by Ms. LO, the chairman and the executive director of the Company. The CB 1 bore an interest at 3% per annum payable on annual basis and have a term of 2 years. The CB 1 carried the right to convert into conversion shares at the conversion price of HK\$0.396 per conversion share during the period commencing from the date of issue of convertible bonds and ending on the day which falls on the 2nd anniversary of the date of issue of convertible bonds.

The CB 1 contained liability and equity components. The equity element is presented in equity heading "convertible bonds equity component".

In July 2017, the Company early redeemed the CB 1. The fair value of the liability component on the date of redemption was approximately HK\$16,258,000. The excess of the carrying amount of the liability component of approximately HK\$16,816,000 over its fair value resulted in a gain of approximately HK\$558,000 from the redemption of the CB 1 and was recognised in the unaudited condensed consolidated income statement during the period.

### Convertible bond 2 (the “CB 2”)

On 6 May 2016, the Company issued convertible bonds with the aggregate principal amount of HK\$17,424,000 to Maxx Capital. The CB 2 bore an interest at 3% per annum payable on annual basis and have a term of 2 years. The CB 2 carried the right to convert into conversion shares at the conversion price of HK\$0.396 per conversion share during the period commencing from the date of issue of convertible bonds and ending on the day which falls on the 2nd anniversary of the date of issue of convertible bonds.

The CB 2 contained liability and equity components. The equity element is presented in equity heading “convertible bonds equity component”.

### Convertible bond 3 (the “CB 3”)

On 6 May 2016, the Company issued convertible bonds with the aggregate principal amount of HK\$17,424,000 to Maxx Capital. The CB 3 bore an interest at 3% per annum payable on annual basis and have a term of 2 years. The CB 3 carried the right to convert into conversion shares at the conversion price of HK\$0.396 per conversion share during the period commencing from the date of issue of convertible bonds and ending on the day which falls on the 2nd anniversary of the date of issue of convertible bonds.

The CB 3 contained liability and equity components. The equity element is presented in equity heading “convertible bonds equity component”.

### Convertible bond 4 (the “CB 4”)

On 12 May 2016, the Company issued convertible bonds with the aggregate principal amount of HK\$17,424,000 to Maxx Capital. The CB 4 bore an interest at 3% per annum payable on annual basis and have a term of 2 years. The CB 4 carried the right to convert into conversion shares at the conversion price of HK\$0.396 per conversion share during the period commencing from the date of issue of convertible bonds and ending on the day which falls on the 2nd anniversary of the date of issue of convertible bonds.

The CB 4 contained liability and equity components. The equity element is presented in equity heading “convertible bonds equity component”.

## 17. SHARE CAPITAL

	Number of ordinary shares of HK\$0.01 each	Nominal value ordinary shares HK\$'000
<b>Authorised:</b>		
At 31 March 2017 and 30 September 2017	15,000,000,000	150,000
<b>Issued and fully paid:</b>		
At 31 March 2017 and 30 September 2017	528,980,880	5,290

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.

## 18. RELATED PARTY TRANSACTIONS

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

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Rental incomes received from International Link Limited ( <i>note i</i> )	240	—	240	—
Incomes from sharing of administrative expenses received from International Link Limited ( <i>note i</i> )	814	—	814	—
Incomes from sharing of administrative expenses received from Maxx Capital Finance Limited ( <i>note i</i> )	741	—	741	—
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 ( <i>note i</i> )	—	—	—	120
Rental expenses paid to Avaya Lane Limited ( <i>note i</i> )	48	90	138	180
Rental expenses paid to Cyber Feel Limited ( <i>note i</i> )	753	921	1,675	1,843
Rental expenses paid to Great Heep International Investment Limited ( <i>note i</i> )	58	—	58	—
Rental expenses paid to Maxon Management Limited ( <i>note ii</i> )	158	—	594	—
Rental expenses paid to a director ( <i>note iii</i> )	69	69	138	138

Note:

- (i) Maxx Capital Finance Limited, Avaya Lane Limited, Great Heep International Investment Limited, Cyber Feel Limited and International Link Limited are beneficially owned by Ms. LO, the chairman and the executive director of the Company.
- (ii) Maxon Management Limited was beneficially owned by Ms. LO, the chairman and the executive director of the Company before 24 August 2017. The acquisition of Maxon Management Limited ("the Acquisition") was completed on 24 August 2017 and Maxon Management Limited became an indirectly wholly-owned subsidiary of the Company. Please refer to note 20 for the details of acquisition of a subsidiary.
- (iii) Rental expenses paid to Ms. LO, the chairman and the executive director of the Company.

## 19. DISPOSAL OF A SUBSIDIARY

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 to dispose of 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 assets held by Disposal Company were the commercial properties located in Hong Kong. The disposal constituted a major transaction of the Company under the GEM Listing Rules and approved by the independent shareholders of the Company by way of poll at the special general meeting on 11 July 2017. The disposal of a subsidiary was completed on the same date for a cash consideration of HK\$67,430,000.

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

Analysis of assets and liabilities over which control was lost:

	HK\$'000
Investment Properties	68,000
Property, plant and equipment	377
Prepayment	11
Accounts receivable	3
Deposit received	(483)
Deferred tax liabilities	(151)
Deferred income	(83)
Receipt in advance	(11)
Accruals	(7)
	<hr/>
Net carrying value of a subsidiary disposed of	67,656
	<hr/>
Satisfied by:	
Cash consideration received	67,430
	<hr/>

Loss on disposal after deducting direct expenses was recognised as an expense within the “General and administrative expenses” line item in the unaudited condensed consolidated income statement during the six months ended 30 September 2017 and is calculated as follows:

	HK\$'000
Total consideration received	67,430
Less: Net carrying value of a subsidiary disposed of	(67,656)
	<hr/>
Loss on disposal	(226)
	<hr/>

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Disposal Company and sale debt is as follows:

	HK\$'000
Consideration for transferring equity interests in Disposal Company	24,069
Consideration for sale debt	42,516
	<hr/>
Net cash inflow on disposal of a subsidiary	66,585
	<hr/>

## 20. ACQUISITION OF A SUBSIDIARY

On 24 August 2017, the Group completed the acquisition of entire interests in Maxon Management Limited (the "Acquisition") at a net consideration, HK\$36,233,000. The principal asset held by Maxon Management Limited was a commercial property located in Hong Kong, which has been leased to the Company for its securities and futures business since January 2017. The Acquisition constituted a major and connected transaction of the Company under the GEM Listing Rules and approved by the independent shareholders of the Company by way of poll at the special general meeting on 24 August 2017. The Acquisition was completed on the same date. Following the completion of the Acquisition, Maxon Management Limited became an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the accounts of the Group.

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

Consideration transferred:

	HK\$'000
Cash paid	36,233
	<hr/>

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK\$'000
Property, plant and equipment	58,000
Rental & utility deposits	47
Prepayment	3
Bank	170
Amount due to a fellow subsidiary	(285)
Receipt in advance	(31)
Accruals	(30)
Borrowings	(17,641)
	<hr/>
Net assets	40,233
	<hr/>

Gain on a bargain purchase arising on acquisition:

	HK\$'000
Consideration transferred	36,233
Less: net assets acquired	(40,233)
	<hr/>
Gain on a bargain purchase ( <i>Note 3</i> )	(4,000)
	<hr/>

Net cash outflow on acquisition of Maxon Management Limited:

	HK\$'000
Cash consideration paid	(36,233)
Less: cash and cash equivalents balances acquired	170
	<hr/>
	(36,063)
	<hr/>

Acquisition-related costs amounting to approximately HK\$527,000 have been excluded from the consideration transferred and have been recognized as an expenses during the six months ended 30 September 2017, within "general and administrative expenses" line item in the unaudited condensed consolidated income statement.

Maxon Management Limited had contributed HK\$ Nil and approximately HK\$38,000 to the Group's revenue and loss for the period from the date of Acquisition to 30 September 2017 respectively.

Had the acquisition been completed on 1 April 2017, total Group's revenue for the period would have been approximately HK\$Nil and loss for the period would have been approximately HK\$447,000.

The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2017, nor is it intended to be a projection of future results.

## 21. FAIR VALUE MEASUREMENT

Financial instruments that are measured in the unaudited condensed consolidated financial statement at fair value require disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

	<b>Unaudited 30 September 2017 Level 1 HK\$'000</b>	Audited 31 March 2017 Level 1 HK\$'000
Financial assets at fair value through profit or loss		
— Equity securities listed in Hong Kong	<b>5,000</b>	10,400

There were no transfer between Level 1, Level 2 and Level 3 during the periods.

## 22. COMPARATIVE FIGURES

Certain comparative figures have been re-classified in order to conform with the presentation of current period.



## **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**

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 will continue to decrease 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\$8,490,000 for the six months ended 30 September 2017, representing a decrease of approximately 26.7% from approximately HK\$11,589,000 for the same period in 2016.

During the six months ended 30 September 2017, the Group recorded cost of sales amounting to approximately HK\$1,631,000, representing a decrease of 34.2% from approximately HK\$2,479,000 for the same period in 2016.

General and administrative expenses of the Group for the six months ended 30 September 2017 was approximately HK\$27,893,000 (2016: HK\$22,735,000), which represented an increase of approximately 22.7% when compared to that of last year and included an unrealised loss on financial assets at fair value through profit or loss of approximately HK\$1,500,000 (2016: Nil).

Finance costs for the six months ended 30 September 2017 was approximately HK\$5,152,000, which included effective interest expenses on convertible bonds of approximately HK\$4,721,000, and interest expenses on bank borrowings of approximately HK\$431,000 (2016: effective interest expenses on convertible bonds: HK\$3,998,000 and interest expenses on bank borrowings: approximately HK\$184,000).

The Group's unaudited consolidated loss attributable to the owners of the Company for the six months ended 30 September 2017 was approximately HK\$14,534,000 (2016: loss of HK\$17,113,000).

## Liquidity and Financial Resources

At 30 September 2017, the net current liabilities of the Group was approximately HK\$13,417,000 (At 31 March 2017: the net current assets of HK\$54,775,000); the total equity of the Group was approximately HK\$71,648,000 (At 31 March 2017: HK\$87,878,000); the cash and cash equivalents of the Group was approximately HK\$33,611,000 (At 31 March 2017: HK\$57,016,000).

## Borrowings

At 30 September 2017, the Group had total outstanding bank borrowings of approximately of HK\$17,475,000 (At 31 March 2017: HK\$26,667,000).



## Charges of Assets

At 30 September 2017, certain property, plant and equipment of the Group with aggregate carrying value of approximately HK\$57,807,000 (At 31 March 2017: certain investment properties of HK\$68,000,000) were pledged as securities for the borrowing facilities of the Group.

## Gearing Ratio

The Group's gearing ratio, representing total borrowings and convertible bonds divided by total equity, was approximately 93.1% as at 30 September 2017 (based on total borrowings and convertible bonds of approximately HK\$66,670,000 as at 30 September 2017) (At 31 March 2017: approximately 101.9% based on total borrowings and convertible bonds of approximately HK\$89,525,000).

## Significant Investments Held

At 30 September 2017, the Group held financial assets at fair value through profit or loss of approximately HK\$5,000,000 (At 31 March 2017: HK\$10,400,000) representing highly liquid equity securities listed in the Stock Exchange of Hong Kong Limited. The equity investment as at 30 September 2017 consists solely of 12,500,000 shares (At 31 March 2017: 20,000,000 shares) of equity securities of Daisho Microline Holdings Limited (SEHK: 567) which were acquired through placement in March 2017. At 30 September 2017, the investment represented approximately 2.16% (At 31 March 2017: 3.47%) of shareholding in Daisho Microline Holdings Limited. As at 30 September 2017, based on the fair value of HK\$0.40 per share (At 31 March 2017: HK\$0.52 per share), the fair value and carrying amount of the equity investment was approximately HK\$5,000,000 (At 31 March 2017: HK\$10,400,000).

During the six months ended 30 September 2017, the Group recognized a gain on disposal of financial assets at fair value through profit or loss of HK\$75,000 (2016: Nil) by disposal of 7,500,000 equity shares of Daisho Microline Holdings Limited at HK\$0.53 per share. The Group had an unrealized loss on financial assets at fair value through profit or loss of approximately HK\$1,500,000 (2016: Nil) for six months ended 30 September 2017.

The board of Directors (the "Board") acknowledges that the performance of the equity investment may mainly be affected by worldwide economy and the degree of volatility in the PRC and Hong Kong stock markets, and susceptible to other external factors that may affect its value. In order to mitigate possible financial risk related to the equity investment, the management will closely monitor the performance of the equity investment and the changes of market condition.



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

The Group holds investment properties in Renminbi. 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 2017, the Group had no significant contingent liabilities (At 31 March 2017: Nil).

### **Employee Information**

At 30 September 2017, the Group had 132 (At 31 March 2017: 124) 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 2017 was approximately HK\$14,204,000 (2016: HK\$13,021,000). 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 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		
<b>Executive Director:</b>							
Ms. LO Yuk Yee ("Ms. LO")	The Company	43,458,058 (L)	254,039,784 (L)	—	—	—	56.24% (L)
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%

(L) denotes long positions

(S) denotes short positions



*Notes:*

1. 206,439,784 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, Ms. LO was deemed by virtue of the SFO to be interested in 254,039,784 ordinary shares of HK\$0.01 each.
2. As at 30 September 2017, the Company had 528,980,880 ordinary shares of HK\$0.01 each in issue.

Save as disclosed above, as at 30 September 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 September 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:

### (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 <i>(note 2)</i>
<b>Substantial shareholders</b>					
Ms. LO <i>(Note 1)</i>	Beneficial Owner	43,458,058 (L)	—	297,497,842 (L)	56.24%
	Interest of Controlled Corporation	254,039,784 (L)			
Pablos <i>(Note 1)</i>	Interest of Controlled Corporation	206,439,784 (L)	—	206,439,784 (L)	39.03%
Maxx Capital <i>(Note 1)</i>	Beneficial Owner	206,439,784 (L)	—	206,439,784 (L)	39.03%
Wise Capital International Limited	Beneficial Owner	33,000,000 (L)	—	33,000,000 (L)	6.24%
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

Notes:

- 206,439,784 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, a director of the Company. Ms. LO is a director of each of Maxx Capital and Pablos.
- As at 30 September 2017, the Company had 528,980,880 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 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 September 2017 are as follows:

Name of grantee	Date of grant	Exercise price	Number of share options			Balance as at 30 September 2017
			Balance as at 1 April 2017	Granted during the period	Cancelled during the period	
<b>Executive Director:</b>						
Mr. CHOW	3 January 2014 (Note 1)	HK\$0.50	500,000	—	(500,000)	—
<b>Employee</b>	3 January 2014 (Note 1)	HK\$0.50	1,000,000	—	(1,000,000)	—
<b>Total</b>			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.	
Vesting period:	6 months after 3 January 2014:	50%
	12 months after 3 January 2014:	50%



## **OUTSTANDING UNLISTED WARRANTS**

As at 30 September 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 September 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 six months ended 30 September 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 results of the Group for the six months ended 30 September 2017 have been reviewed by the audit committee of the Company.

## **DIRECTORS' INTEREST IN CONTRACTS**

Except for the transactions stated in Note 18 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 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 six months ended 30 September 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 six months ended 30 September 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 six months ended 30 September 2017.

## 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 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. During the six months ended 30 September 2017, 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, 14 November 2017

*As at the date of this report, the executive Directors are Ms. LO Yuk Yee, Mr. CHOW Wing Chau, 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.*