

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



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 2018**

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

*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\$3,576,000 for the three months ended 30 June 2018, representing a decrease of approximately 31.6% from approximately HK\$5,231,000 for the same period in 2017.
- The Group's unaudited consolidated loss attributable to the owners of the Company for the three months ended 30 June 2018 was approximately HK\$10,474,000.
- The Board does not recommend the payment of dividend for the three months ended 30 June 2018.

The board of Directors (the “Board”) is pleased to present the unaudited results of the Group for the three months ended 30 June 2018, together with the comparative unaudited figures for the corresponding period in 2017 as follows:

# **UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

*For the three months ended 30 June 2018*

		<b>For the three months ended 30 June</b>	
		<b>2018</b>	<b>2017</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>	3	<b>3,576</b>	5,231
Cost of sales		<u>(974)</u>	<u>(372)</u>
<b>Gross profit</b>		<b>2,602</b>	4,859
Other income and other losses	3	<b>(1,992)</b>	(152)
Selling and marketing expenses		<b>(5)</b>	(1)
General and administrative expenses		<b>(11,483)</b>	(12,419)
Finance costs		<u><b>(115)</b></u>	<u>(2,795)</u>
<b>Loss before income tax</b>		<b>(10,993)</b>	(10,508)
Income tax expense	4	<b>(42)</b>	(33)
Deferred tax credit		<u><b>199</b></u>	<u>174</u>
<b>Loss for the period</b>		<u><b>(10,836)</b></u>	<u>(10,367)</u>
<b>Loss for the period attributable to:</b>			
— Owners of the Company		<b>(10,474)</b>	(9,131)
— Non-controlling interests		<u><b>(362)</b></u>	<u>(1,236)</u>
		<u><b>(10,836)</b></u>	<u>(10,367)</u>
<b>Loss per share for loss attributable to the owners of the Company during the period</b>			
— Basic and diluted ( <i>in HK cents</i> )	6	<u><b>(1.57)</b></u>	<u>(1.73)</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**

*For the three months ended 30 June 2018*

	<b>For the three months ended 30 June</b>	
	<b>2018</b>	<b>2017</b>
<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>Loss for the period</b>	<b>(10,836)</b>	<b>(10,367)</b>
<b>Other comprehensive (expense)/income:</b>		
Currency translation differences	<u><b>(1,555)</b></u>	<u><b>653</b></u>
<b>Other comprehensive (expense)/income for the period, net of tax</b>	<u><b>(1,555)</b></u>	<u><b>653</b></u>
<b>Total comprehensive expense for the period</b>	<u><b>(12,391)</b></u>	<u><b>(9,714)</b></u>
<b>Total comprehensive expense for the period attributable to:</b>		
— Owners of the Company	<b>(12,029)</b>	<b>(8,478)</b>
— Non-controlling interests	<u><b>(362)</b></u>	<u><b>(1,236)</b></u>
	<u><b>(12,391)</b></u>	<u><b>(9,714)</b></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 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 2018.

## 2. Basis of Preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) 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 2018.

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and certain financial investments, which are carried at fair value, as appropriate.

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 2018.

In the current reporting period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 April 2018. 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 OTHER LOSSES

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

	<b>Unaudited</b>	
	<b>For the three months</b>	
	<b>ended 30 June</b>	
	<b>2018</b>	<b>2017</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>		
Service income from provision of financial information service	381	193
Advertising and investor relationship service income	2,543	4,057
Brokerage commission and service income from securities and futures business	—	4
Loan interest income	236	213
Rental income from investment properties	416	764
	<u>3,576</u>	<u>5,231</u>
<b>Other income and other losses</b>		
Fair value change on financial assets at fair value through profit or loss	(2,763)	(175)
Income from sharing of administrative expenses	769	—
Interest income	2	1
Sundry income	—	22
	<u>(1,992)</u>	<u>(152)</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 2018 (2017: 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\$42,000 was paid during the three months ended 30 June 2018 (2017: HK\$33,000) 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 2018 (2017: 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 2018 of approximately HK\$10,474,000 (2017: HK\$9,131,000) by the number of 666,538,774 (2017: 528,980,880) ordinary shares in issue during the period.

### **(b) Diluted**

The computation of diluted loss per share for the three months ended 30 June 2018 and 2017 did not assume the exercise of the Company's outstanding share options, warrants and convertible bonds during those periods since they are anti-dilutive, as their exercise would result in a decrease in loss per share.

## 7. MOVEMENT OF RESERVES

### For the three months ended 30 June 2018 (Unaudited)

	Attributable to owners of the Company											
	Share capital	Share premium	Merger reserve	Employee compensation reserve	Other reserve	Convertible bonds equity component	Translation reserve	Property revaluation reserve	Accumulated losses	Total	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
Balance 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												
Currency translation difference	—	—	—	—	—	—	653	—	—	653	—	653
Total other comprehensive income	—	—	—	—	—	—	653	—	—	653	—	653
Total comprehensive income/ (expense)	—	—	—	—	—	—	653	—	(9,131)	(8,478)	(1,236)	(9,714)
Balance 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
Balance at 1 April 2018	6,665	320,095	4,870	—	1,776	—	274	9,989	(230,940)	112,729	(9,277)	103,452
Loss for the period	—	—	—	—	—	—	—	—	(10,474)	(10,474)	(362)	(10,836)
Other comprehensive expenses												
Currency translation differences	—	—	—	—	—	—	(1,555)	—	—	(1,555)	—	(1,555)
Total other comprehensive expenses	—	—	—	—	—	—	(1,555)	—	—	(1,555)	—	(1,555)
Total comprehensive expenses	—	—	—	—	—	—	(1,555)	—	(10,474)	(12,029)	(362)	(12,391)
Balance at 30 June 2018	6,665	320,095	4,870	—	1,776	—	(1,281)	9,989	(241,414)	100,700	(9,639)	91,061



## 8. 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:

	<b>Unaudited</b>	
	<b>For the three months</b>	
	<b>ended 30 June</b>	
	<b>2018</b>	<b>2017</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Income from sharing of administrative expenses received from International Links Limited ( <i>Note i</i> )	<b>268</b>	—
Income from sharing of administrative expenses received from Maxx Capital Finance Limited ( <i>Note i</i> )	<b>501</b>	—
Rental expenses paid to Avaya Lane Limited ( <i>Note i</i> )	—	90
Rental expenses paid to Cyber Feel Limited ( <i>Note i</i> )	<b>991</b>	922
Rental expenses paid to Great Heep International Investment Limited ( <i>Note i</i> )	<b>87</b>	—
Rental expenses paid to Maxon Management Limited ( <i>Note ii</i> )	—	436
Loan interest income from the Group's subsidiary director ( <i>Note iii</i> )	<b>128</b>	—

*Notes:*

- (i) Maxx Capital Finance Limited, Avaya Lane Limited, Great Heep International Investment Limited, Cyber Feel Limited and International Links 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 was completed on 24 August 2017 and Maxon Management Limited became an indirectly wholly-owned subsidiary of the Company.
- (iii) Finet Finance Limited, a wholly-owned subsidiary of the Company entering into loan agreements with the Borrower, Ms. Chan Kwai Yuet, the Group's subsidiary director, constituted the connected transaction with the Group.

## 9. 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. 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 drivers for future growth in business. To broaden its revenue bases and to better utilize its resources, the Group continued to tap on the property investment with satisfactory results.

### **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 TV”). In addition to the production and distribution of programmes through the branding “FinTV”, Xian Dai TV also engaged in investor relationship business and creative advertising.

### **Property Investment Business**

The investment properties in the People’s Republic of China (the “PRC”) continued to provide stable income and result a positive contribution to the financial results of the Group.

### **Money Lending Business**

Comparing with last year, the loan interest income from the money lending business did not have significant changes.

### **Financial Information, Advertising and Investor Relationship Service Business**

The Group continued to generate service income from provision of financial information service business. The income from the financial information, advertising and investor relationship service business decreased in this financial period under the keen market competition.

### **Securities and Futures Business**

Due to the keen competition within the market, the improvement in Group’s securities and future business is still a challenging task in coming year.

## **Financial Review**

The Group reported a turnover of approximately HK\$3,576,000 for the three months ended 30 June 2018, representing a decrease of approximately 31.6% from approximately HK\$5,231,000 for the same period in 2017.

Other income and other losses of the Group for the three months ended 30 June 2018 was a loss of approximately HK\$1,992,000 (2017: a loss of approximately HK\$152,000), which represented an increase of approximately 1,210.5% when compared to that of last year. The increase was mainly due to: (i) the incomes from sharing of administrative expenses of approximately HK\$769,000 (2017: Nil) and (ii) an fair value loss on financial assets at fair value through profit or loss of approximately HK\$2,763,000 (2017: an fair value loss on financial assets at fair value through profit or loss of approximately HK\$175,000).

During the three months ended 30 June 2018, the Group recorded cost of sales amounting to approximately HK\$974,000 representing an increase of 161.8% from approximately HK\$372,000 for the same period in 2017.

General and administrative expenses of the Group for the three months ended 30 June 2018 was approximately HK\$11,483,000 (2017: approximately HK\$12,419,000), which represented a decrease of approximately 7.5% when compared to that of last year.

For the three months ended 30 June 2018, finance cost was the interest expenses on bank borrowings of approximately HK\$115,000. For the three months ended 30 June 2017, finance costs were the interest expenses on bank borrowings of approximately HK\$172,000 and effective interest expenses on convertible bonds of approximately HK\$2,623,000.

The Group's unaudited consolidated loss attributable to the owners of the Company for the three months ended 30 June 2018 was approximately HK\$10,474,000 (2017: HK\$9,131,000).

## **Significant Investments Held**

As at 30 June 2018, the Group held financial assets at fair value through profit or loss of approximately HK\$3,050,000 (At 31 March 2018: approximately HK\$5,813,000) representing highly liquid equity securities listed in the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The equity investment as of 30 June 2018 consists solely of 12,500,000 shares (At 31 March 2018: 12,500,000 shares) of equity securities of Daisho Microline Holdings Limited (SEHK: 567) which were acquired through placement during the year ended 31 March 2017.

For the three months ended 30 June 2018, the Group had an unrealized loss of financial assets at fair value through profit or loss of approximately HK\$2,763,000 (2017: A realized gain of approximately HK\$75,000 from disposal of equity securities of Daisho Microline Holdings Limited and unrealized loss of financial assets at fair value through profit or loss of approximately HK\$250,000 of such equity securities). As at 30 June 2018, the investment represented approximately 2.17% (At 31 March 2018: approximately 2.17%) of shareholding in Daisho Microline Holdings Limited. As at 30 June 2018, based on the fair value of HK\$0.244 per share (At 31 March 2018: HK\$0.465 per share), the fair value and carrying amount of the equity investment was approximately HK\$3,050,000 (At 31 March 2018: approximately HK\$5,813,000).

Set out below is a breakdown of the significant investments of the Group as at 30 June 2018 and 31 March 2018:

	Unaudited 30 June 2018 HK\$'000	Audited 31 March 2018 HK\$'000
--	--	---

### Current assets

Financial assets at fair value through profit or loss

— Daisho Microline Holdings Limited (SEHK: 0567)	3,050	5,813
--	-------	-------

### As at 30 June 2018

	Number of shares held as at 30 June 2018	Percentage of shareholding as at 30 June 2018	Fair value as at 31 March 2018 HK\$'000	Investment cost of disposal of shares during the period ended 30 June 2018 HK\$'000	Realized gain for the period ended 30 June 2018 HK\$'000	Unrealized loss for the period ended 30 June 2018 HK\$'000	Net loss for the period ended 30 June 2018 HK\$'000	Fair value as at 30 June 2018 HK\$'000	Percentage to the Group's total assets as at 30 June 2018
Daisho Microline Holdings Limited (SEHK: 0567)	12,500,000	2.17%	5,813	—	—	(2,763)	(2,763)	3,050	2.32%

### As at 31 March 2018

	Number of shares held as at 31 March 2018	Percentage of shareholding as at 31 March 2018	Fair value as at 31 March 2017 HK\$'000	Investment cost of disposal of shares during the year ended 31 March 2018 HK\$'000	Realized gain for the year ended 31 March 2018 HK\$'000	Unrealized loss for the year ended 31 March 2018 HK\$'000	Net loss for the year ended 31 March 2018 HK\$'000	Fair value as at 31 March 2018 HK\$'000	Percentage to the Group's total assets as at 31 March 2018
Daisho Microline Holdings Limited (SEHK: 0567)	12,500,000	2.17%	10,400	(3,900)	75	(687)	(612)	5,813	3.99%

## **Performance and Prospects of the Financial Assets at Fair Value through Profit or Loss**

### ***Daisho Microline Holdings Limited***

Daisho Microline Holdings Limited (“Daisho Microline”) and its subsidiaries (the “Daisho Microline Group”) are principally engaged in investment holding, the manufacturing and trading of printed circuit boards (“PCB”) and the trading of petroleum and energy products.

Pursuant to the annual report of Daisho Microline for the year ended 31 March 2018, the Daisho Microline Group’s total revenue for the year ended 31 March 2018 was approximately HK\$412 million. The increase was resulted from the Daisho Microline Group engaging in the trading of petroleum and energy products and related business commenced since June 2017. The Daisho Microline Group’s net loss for the year ended 31 March 2018 was approximately HK\$80 million.

Going forward, the Daisho Microline Group will continue to develop the petroleum trading business in Hong Kong and further expand the Singapore market. The Daisho Microline Group targets to transform its business model in the coming years to more diversified business, PCB manufacturing and the trading of petroleum business.

### **Charges of Assets**

As at 30 June 2018, the Group’s property, plant and equipment with an aggregate carrying value of approximately HK\$53,010,000 (At 31 March 2018: HK\$53,280,000) was pledged as security for the borrowing facilities of the Group.

### **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.

### **Contingent Liabilities**

At 30 June 2018, the Group had no significant contingent liabilities (At 31 March 2018: Nil).

### **Employee Information**

At 30 June 2018, the Group had 104 (At 31 March 2018: 128) full-time employees in Hong Kong and the PRC.

The total staff costs (including Directors’ remuneration) for the three months ended 30 June 2018 was approximately HK\$7,444,000 (2017: HK\$7,205,000). 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 2018, 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)	391,597,678 (L)	—	—	—	65.27%
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

#### Notes:

- 343,997,678 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"). Accordingly, Ms. LO were deemed by virtue of the SFO to be interested in 435,055,736 ordinary shares of HK\$0.01 each.
- As at 30 June 2018, the Company had 666,538,774 ordinary shares of HK\$0.01 each in issue.

Save as disclosed above, as at 30 June 2018, 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 2018, 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:

### Long Positions in the Shares and Underlying Shares of the Company

Name of Shareholders	Capacity	Number of Shares held	Number of Underlying Shares held	Total Number of Shares	Approximate percentage of existing shareholding (Note 2)
<b>Substantial shareholders</b>					
Ms. LO (Note 1)	Beneficial Owner	43,458,058 (L)	—	435,055,736 (L)	65.27%
	Interest of Controlled Corporation	391,597,678 (L)			
Pablos (Note 1)	Interest of Controlled Corporation	343,997,678 (L)	—	343,997,678 (L)	51.61%
Maxx Capital (Note 1)	Beneficial Owner	343,997,678 (L)	—	343,997,678 (L)	51.61%
Broadgain International Limited	Beneficial Owner	43,800,000 (L)	—	43,800,000 (L)	6.57%
Li Wenjun	Beneficial Owner	39,000,000 (L)	—	39,000,000 (L)	5.85%

(L) denotes long positions

#### Notes:

- 343,997,678 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 June 2018, the Company had 666,538,774 ordinary Shares held HK\$0.01 each in issue.

## **OUTSTANDING OPTIONS**

As at 30 June 2018, the Company did not have any outstanding options.

## **OUTSTANDING UNLISTED WARRANTS**

As at 30 June 2018, 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 2018, 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 2018.

## **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 2018 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 and 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 2018, 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 2018 or at any time during such period (2017: 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 2018. 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 2018.

#### **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 2018.

By Order of the Board  
**LO Yuk Yee**  
*Chairman and Executive Director*

Hong Kong, 14 August, 2018

*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 GEM Listing Rules 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](http://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](http://www.finet.hk).*