



# Third Quarterly Report 2021/2022



## MOVING FORWARD

- HONG KONG
- SHENZHEN
- BEIJING



財華社  
FINET

**Finet Group Limited**

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



---

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

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high 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 report, 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 report.*

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



## RESULTS HIGHLIGHTS

- The Group reported a turnover of approximately HK\$11,151,000 for the nine months ended 31 December 2021, representing a decrease of approximately 27.6% from approximately HK\$15,401,000 for the same period in 2020.
- The Group's unaudited consolidated loss attributable to owners of the Company for the nine months ended 31 December 2021 was approximately HK\$9,406,000 (nine months ended 31 December 2020: approximately HK\$4,352,000).
- The Board does not recommend the payment of dividend for the nine months ended 31 December 2021.

The board of Directors (the “Board”) is pleased to present the unaudited results of the Group for the three months and nine months ended 31 December 2021, together with the comparative unaudited figures for the corresponding period in 2020 as follows:

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and nine months ended 31 December 2021

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
<b>Revenue</b>	3	<b>2,771</b>	5,582	<b>11,151</b>	15,401
Cost of sales		(245)	(407)	(605)	(893)
<b>Gross profit</b>		<b>2,526</b>	5,175	<b>10,546</b>	14,508
Other income and other gains	3	<b>9,068</b>	1,757	<b>10,913</b>	6,589
Selling and marketing expenses		(7)	(19)	(53)	(152)
General and administrative expenses		<b>(8,642)</b>	(7,433)	<b>(28,315)</b>	(24,812)
Finance costs	5	<b>(158)</b>	(126)	<b>(612)</b>	(307)
<b>Profit/(loss) before income tax</b>		<b>2,787</b>	(646)	<b>(7,521)</b>	(4,174)
Income tax expense	6	<b>(40)</b>	(44)	<b>(116)</b>	(119)
<b>Profit/(loss) for the period</b>		<b>2,747</b>	(690)	<b>(7,637)</b>	(4,293)
<b>Profit/(loss) attributable to:</b>					
Owners of the Company		<b>2,562</b>	(278)	<b>(9,406)</b>	(4,352)
Non-controlling interests		<b>185</b>	(412)	<b>1,769</b>	59
		<b>2,747</b>	(690)	<b>(7,637)</b>	(4,293)
<b>Earnings/(loss) per share for profit/(loss) attributable to the owners of the Company during the period</b>					
— Basic and diluted (in HK cents)	8	<b>0.38</b>	(0.04)	<b>(1.41)</b>	(0.65)

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2021

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
<b>Profit/(loss) for the period</b>		<b>2,747</b>	(690)	<b>(7,637)</b>	(4,293)
<b>Other comprehensive income/ (expense)</b>					
Currency translation differences		746	(3,104)	131	(3,955)
<b>Other comprehensive income/ (expense) for the period</b>		<b>746</b>	(3,104)	<b>131</b>	(3,955)
<b>Total comprehensive income/ (expense) for the period</b>		<b>3,493</b>	(3,794)	<b>(7,506)</b>	(8,248)
<b>Total comprehensive income/ (expense) for the period, attributable to:</b>					
Owners of the Company		3,308	(3,382)	(9,275)	(8,307)
Non-controlling interests		185	(412)	1,769	59
		<b>3,493</b>	(3,794)	<b>(7,506)</b>	(8,248)



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. General Information

The principal activity of Finet Group Limited (the “Company”) is investment holding. The Company and its subsidiaries (together the “Group”) are principally engaged in (i) the development, production and provision of financial information, advertising and investor relationship service and technology solutions to corporate and retail clients in Hong Kong and People’s Republic of China (the “PRC”); (ii) provision of brokerage, underwriting and asset management; (iii) money lending business; and (iv) property investments.

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 24 June 2002. 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 immediate and ultimate holding company is Maxx Capital International Limited incorporated in the British Virgin Islands (“BVI”) with limited liability and Pablos International Limited incorporated in the BVI with limited liability, respectively. The ultimate controlling party is Ms. LO Yuk Yee, who controls Pablos International Limited and is also the Chairman and executive Director of the Company.

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 10 February 2022.

## 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 2021.

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 instruments, which are measured at fair values, 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 2021.

In the current reporting period, the Group has applied, for the first time, certain new standards, amendments to standards and interpretations issued by the HKICPA that are mandatorily effective for the current reporting period. 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, and will apply such standards when they become effective. The Group anticipates that the application of such new standards and amendments to existing standards have no material impact on the results and the financial position of the Group.

### 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:

	<b>Unaudited</b>			
	<b>For the three months ended 31 December</b>		<b>For the nine months ended 31 December</b>	
	<b>2021 HK\$'000</b>	2020 HK\$'000	<b>2021 HK\$'000</b>	2020 HK\$'000
<b>Revenue</b>				
Service income from provision of financial information services	6	72	196	243
Advertising, investor relationship and branding promotion and communication services income	2,355	4,999	9,656	13,365
Brokerage commission and service income from securities business	11	131	117	717
Loan interest income	8	—	23	—
Rental income	391	380	1,159	1,076
	<b>2,771</b>	5,582	<b>11,151</b>	15,401
<b>Other income and other gains</b>				
Fair value change on financial assets at fair value through profit or loss	—	60	—	1,086
Incomes from sharing of administrative expenses	734	613	2,550	3,274
Government subsidies	—	1,074	—	2,208
Gain on disposal of a subsidiary	8,298	—	8,298	—
Interest income	1	4	13	6
Sundry income	35	6	52	15
	<b>9,068</b>	1,757	<b>10,913</b>	6,589
<b>Total income</b>	<b>11,839</b>	7,339	<b>22,064</b>	21,990



## 4. Movement of Reserves

For the nine months ended 31 December 2021 (Unaudited)

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Employee compensation reserve HK\$'000	Other reserve HK\$'000	Translation reserve HK\$'000	Property revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
As at 1 April 2020	6,665	320,095	4,870	360	3,757	3,014	9,989	(285,103)	63,647	(7,536)	56,111
Loss for the period	—	—	—	—	—	—	—	(4,352)	(4,352)	59	(4,293)
<b>Other comprehensive expense</b>											
Currency translation differences	—	—	—	—	—	(3,955)	—	—	(3,955)	—	(3,955)
<b>Total comprehensive income/(expense)</b>	—	—	—	—	—	(3,955)	—	(4,352)	(8,307)	59	(8,248)
<b>Employee compensation reserve</b>	—	—	—	(270)	—	—	—	—	(270)	—	(270)
As at 31 December 2020	6,665	320,095	4,870	90	3,757	(941)	9,989	(289,455)	55,070	(7,477)	47,593

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Employee compensation reserve HK\$'000	Other reserve HK\$'000	Translation reserve HK\$'000	Property revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
As at 1 April 2021	6,665	320,095	4,870	674	3,757	2,524	9,989	(297,933)	50,641	(7,277)	43,364
Loss for the period	—	—	—	—	—	—	—	(9,406)	(9,406)	1,769	(7,637)
<b>Other comprehensive income</b>											
Currency translation differences	—	—	—	—	—	131	—	—	131	—	131
<b>Total comprehensive income/(expense)</b>	—	—	—	—	—	131	—	(9,406)	(9,275)	1,769	(7,506)
<b>Employee compensation reserve</b>	—	—	—	456	—	—	—	—	456	—	456
As at 31 December 2021	6,665	320,095	4,870	1,130	3,757	2,655	9,989	(307,339)	41,822	(5,508)	36,314

## 5. Finance Costs

	Unaudited			
	For the three months ended 31 December		For the nine months ended 31 December	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Interest expenses				
— bank borrowings	147	115	583	275
— lease liabilities	11	11	29	32
	158	126	612	307

## 6. Income Tax Expense

No Hong Kong profit tax has been provided for the nine months ended 31 December 2021 (2020: HK\$11,000) as the Group had no assessable profit arising in or derived from Hong Kong for the period.

The PRC income tax of approximately HK\$116,000 during the nine months ended 31 December 2021 (2020: HK\$108,000) was mainly attributable to the net rental income from the investment properties of the Company in the PRC.

## 7. Dividend

The Board does not recommend the payment of dividend for the nine months ended 31 December 2021 (2020: Nil).

## 8. Earnings/(loss) Per Share

### (i) Basic

The calculation of basic earnings/(loss) per share is based on the profit attributable to owners of the Company for the three months ended 31 December 2021 of approximately HK\$2,562,000 and loss attributable to owners of the Company for the nine months ended 31 December 2021 of approximately HK\$9,406,000 respectively (three months and nine months ended 31 December 2020: loss of approximately HK\$278,000 and HK\$4,352,000 respectively) and on the weighted average number of 666,538,774 ordinary shares in issue during the three months and nine months ended 31 December 2021 (three months and nine months ended 31 December 2020: weighted average number of 666,538,774 ordinary shares in issue).

### (ii) Diluted

The computation of diluted earnings/(loss) per share for the three months and the nine months ended 31 December 2021 and 2020 did not assume the exercise of the Company's outstanding share options during those periods since they are anti-dilutive, as their exercise would result in a decrease in loss per share.

## 9. 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 31 December		For the nine months ended 31 December	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Income from financial information services received from Top 100 Hong Kong Listed Company Research Centre Company Limited <i>(note i)</i>	625	2,013	1,875	2,013
Incomes from sharing of administrative expenses received from International Links Limited <i>(note i)</i>	—	8	—	506
Incomes from sharing of administrative expenses received from Maxx Capital Finance Limited <i>(note i)</i>	259	305	796	903
Income from sharing of administrative expenses received from Top 100 Hong Kong Listed Companies Research Centre <i>(note i)</i>	—	—	300	965
Income from sharing of administrative expenses received from China Hong Kong Finance Group Limited <i>(note i)</i>	175	—	554	—
Rental received/receivable from International Links Limited <i>(note i)</i>	180	180	540	540
Rental received/receivable from Maxx Capital Finance Limited <i>(note i)</i>	120	120	360	360
Rental expenses paid to Cyber Feel Limited <i>(note i)</i>	863	1,014	2,891	3,042

*Note:*

- (i) International Links Limited, Maxx Capital Finance Limited, Top 100 Hong Kong Limited Companies Research Centre, China Hong Kong Finance Group Limited and Cyber Feel Limited are beneficially owned by Ms. LO, the chairman and the executive director of the Company.



## 10. Disposal of a subsidiary

During the year ended 31 March 2021 and up to 12 October 2021, the Group owned the entire equity interest in Maxon Management Limited (“Maxon”) through its wholly-owned subsidiary, Source Mega Properties Limited (“Source Mega”). Maxon was principally engaged in investment holding with the principal asset being the property at Unit C, 11/F, Bank of East Asia Harbour View Center, Hong Kong.

On 13 August 2021, Source Mega entered into a provisional sale and purchase agreement with Ms. Lo Yuk Yee (“Ms. Lo”), pursuant to which Source Mega agreed to sell and Ms. Lo agreed to acquire the entire equity interest in Maxon. On 12 October 2021, Source Mega and Ms. Lo entered into the final sale and purchase agreement with the consideration of HK\$47.2 million and the transaction was completed on the same day. Upon the completion, Maxon ceased to be a subsidiary of the Group. The excess of the consideration over the net asset value of Maxon is HK\$8.3 million. Part of the consideration was settled by way of offsetting the loan from shareholder, which amounted to HK\$35.4 million. Asset and liabilities of Maxon comprises of mainly properties, plant and equipment of HK\$49.8 million and bank borrowings of HK\$10.8 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

We are an integrated platform hosting news media, public relationship and social networking services for listed companies and investors. We have 5 operation units, Finet.hk, FinTV.hk, Finet.com.cn, FinTV APP and Finet Finance Pro APP which are formed by 3 websites and 2 mobile applications. Our primary focus of our operations is in Financial PR and branding for listed companies. Through an array of new media facilities we controlled our operating costs and improved our operation efficiency. Through the distribution of high quality contents we have obtained a general recognition of our services in the market. We operate the following business segments:

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

The income from the advertising and investor relationship service business recorded substantial growth over past few years. The decrease in current period is due to the prolonging impact of COVID-19 which lead to fewer event hosting activities and decreased the relevant revenue.

### **Property Investment Business**

The investment properties in the PRC continued to provide stable income to the Group.

### **Securities Business**

Due to the keen competition within the market, the Group's securities business is still a challenging task in this period. Revenue during the period is mainly arising from services rendered for securities transaction.

### **Money Lending Business**

Loan interest income from the money lending business generated during the nine months ended 31 December 2021 amount to HK\$23,000 (2020: Nil).



## Financial Review

The Group reported a turnover of approximately HK\$11,151,000 for the nine months ended 31 December 2021, representing a decrease of approximately 27.6% from approximately HK\$15,401,000 for the same period in 2020.

During the nine months ended 31 December 2021, the Group recorded cost of sales amounting to approximately HK\$605,000, representing a decrease of 32.3% from approximately HK\$893,000 for the same period in 2020.

Other income and other gains of the Group for the nine months ended 31 December 2021 was approximately HK\$10,913,000 (nine months ended 31 December 2020: HK\$6,589,000). The increase was mainly attributable to (i) the decrease of fair value gain/loss on financial assets at fair value through profit or loss of HK\$1,086,000, (ii) decrease in government subsidies of approximately HK\$2,208,000, mainly from the Employment Support Scheme in Hong Kong, (iii) decrease in income from sharing of administrative expenses of HK\$724,000, and (iv) increase in gain on disposal of a subsidiary of HK\$8,298,000.

General and administrative expenses of the Group for the nine months ended 31 December 2021 was approximately HK\$28,315,000 (nine months ended 31 December 2020: HK\$24,812,000), which represented an increase of approximately 14.1% when compared to the same period of 2020. The increase was mainly due to the increase in staff costs and rental expenses.

Finance costs for the nine months ended 31 December 2021 was approximately HK\$612,000 (nine months ended 31 December 2020: HK\$307,000), which represented interest expenses on bank borrowings and lease liabilities. Finance costs for the nine months ended 31 December 2021 included approximately HK\$583,000 of interest expenses on bank borrowings and approximately HK\$29,000 of interest expenses on lease liabilities. The increase was mainly due to increase in average loan balance during the period.

The Group's unaudited consolidated loss attributable to the owners of the Company for the nine months ended 31 December 2021 was approximately HK\$9,406,000 (nine months ended 31 December 2020: loss of HK\$4,352,000).

## Prospect

We will continue to allocate our resources to strengthen our leading position in providing financial news services. With our competitive edge and strength arising from our integrated multiple platforms in our three vertical websites and two mobile App (Finet.hk, FinTV.hk, Finet.com.cn, FinTV APP, Finet Finance Pro APP), we can achieve a further improvement in our market share in the media industry in China and Hong Kong, and further strengthen our Digital marketing business development.

We will continue to strengthen our sales and marketing team to boost and diversify the Group revenue. Moreover, FinTV is expected to provide strong support to our investor relationship business (“IR business”). IR business is expected to become our profitable stream of the Group in the coming years. IR business will both cover the listed companies and pre-IPO assignments. The services that we have been providing include the followings: (1) production of promotional videos; (2) arrangement of press conferences and celebration events; (3) arrangement of investor meetings; (4) preparing of investor relationship articles; (5) news distribution for the listed companies and pre-IPO assignments.

Our outstanding FinTV production team will continue to support the growth and expansion of our IR business.

The Group continues to host the TOP 100 HK awards Ceremony events that created a strong foundation for us to develop the event management business and to achieve lots of reputation and recognition in China included Hong Kong.

Meanwhile, Finet Securities Limited (“Finet Securities”), our securities arm, continue to expand our services including discretionary portfolio management, investment advisory and management of private funds. Finet Securities is expected to generate satisfactory management fee and performance fee income from fund management business in near future.



### **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 31 December 2021, the Group had no significant contingent liabilities (At 31 March 2021: Nil).

### **Employee Information**

At 31 December 2021, the Group had 79 (At 31 March 2021: 86) full-time employees in Hong Kong and the PRC.

The total staff costs (including Directors' remuneration) excluding the effects of fair value provision for share options for the nine months ended 31 December 2021 was approximately HK\$18,486,000 (2020: HK\$15,746,000). Other benefits provided by the Group to the employees include contribution to the mandatory provident fund under the Mandatory Provident Fund Schemes Ordinance and medical coverage.



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

As at 31 December 2021, 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	Beneficial owner	Number of shares and capacity in which the shares were held		% of shares in issue <i>(Note 2)</i>
				Interest of controlled corporation	
<b>Executive Director:</b>					
Ms. LO Yuk Yee ("Ms. LO")	The Company	43,458,058	391,597,678		65.27%
Ms. LO	Maxx Capital International Limited ("Maxx Capital") <i>(Note 1)</i>	—	2 ordinary shares		100%
Ms. LO	Pablos International Limited ("Pablos") <i>(Note 1)</i>	1,000 ordinary shares	—		100%

#### Notes:

- 343,997,678 ordinary shares were held by Maxx Capital which was wholly-owned by Pablos, and Pablos was wholly owned by Ms. LO. Accordingly, Ms. LO were deemed by virtue of the SFO to be interested in 435,055,736 ordinary shares.
- As at 31 December 2021, the Company had 666,538,774 ordinary shares in issue.

Save as disclosed above, as at 31 December 2021, 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 31 December 2021, 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	Approximate percentage of existing shareholding (Note 2)
<b>Substantial shareholders</b>			
Pablos (Note 1)	Interest of Controlled Corporation	343,997,678	51.61%
Maxx Capital (Note 1)	Beneficial Owner	343,997,678	51.61%
Broadgain International Limited	Beneficial Owner	47,052,000	7.06%
WANG Yuan	Beneficial Owner	39,000,000	5.85%

*Notes:*

- 343,997,678 ordinary 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 31 December 2021, the Company had 666,538,774 ordinary Shares in issue.

## OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS

Save as disclosed above, the Directors are not aware of other person who, as at 31 December 2021, 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.

## MOVEMENT OF OPTIONS

Details of movements of the share options granted under the share option scheme adopted on 4 September 2014 for the nine months ended 31 December 2021 are as follows:

Name of grantee	Date of grant	Exercise price	Number of share options			Balance as at 31 December 2021
			Balance as at 1 April 2021	Granted during the period	Forfeited during the period	
Employee	1 December 2020 (Note 1)	HK\$0.64	20,200,000	—	(500,000)	19,700,000

Note:

- For share options granted on 1 December 2020

Validity period: From 1 December 2020 ("Date of grant") to 3 September 2024 (both days inclusive)

Vesting period: 2 years after 1 December 2020



## 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 nine months ended 31 December 2021.

## 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 nine months ended 31 December 2021 have been reviewed by the audit committee of the Company.

## DIRECTORS' INTEREST IN CONTRACTS

Except for the transactions stated in Notes 9 and 10 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 nine months ended 31 December 2021 or at any time during such period.

## 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 nine months ended 31 December 2021. 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 nine months ended 31 December 2021.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the nine months ended 31 December 2021.

## **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 nine months ended 31 December 2021, 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 Yuk Yee is the chairman of our Board and she has been managing the Group's business and supervising the overall operations of the Group since 2011. The Directors consider that vesting the roles of the chairman of the Board and the chief executive officer of the Company in Ms. Lo is beneficial to the management and business development of the Group and will provide a strong and consistent leadership to the Group. The Board will continue to review and consider separating the roles of the chairman of the Board and the chief executive officer at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

The Company has not arranged insurance cover in respect of legal action against its directors as the Board considers that the Board adopts prudent management policy. The needs for insurance policy will be reviewed from time to time.

By Order of the Board

**LO Yuk Yee**

*Chairman and Executive Director*

Hong Kong, 10 February 2022

*As at the date of this report, the executive Directors are Ms. Lo Yuk Yee and Ms. Chen Weijie; the non-executive Director is Mr. Lin Dongming and the independent non-executive Directors are Mr. Wong Wai Kin, Mr. Siu Siu Ling, Robert and Mr. Leung Chi Hung.*