



Third Quarterly Report
2012 / 2013



財華社
FINET

Finet Group Limited

(incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 08317)

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\$20,199,000 for the nine months ended 31 December 2012, representing an increase of approximately 9.37% from approximately HK\$18,468,000 for the same period in 2011.
- The Group's unaudited consolidated profit attributable to owners of the Company for the nine months ended 31 December 2012 was approximately HK\$7,868,000.
- The Board does not recommend the payment of dividend for the nine months ended 31 December 2012.

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 2012, together with the comparative unaudited figures for the corresponding period in 2011 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2012

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2012 HK\$'000	2011 HK\$'000 (restated)	2012 HK\$'000	2011 HK\$'000 (restated)
Revenue	2	7,084	5,722	20,199	18,468
Cost of sales		(761)	(2,288)	(5,790)	(6,865)
Gross profit		6,323	3,434	14,409	11,603
Other income and gains	2	14,836	3,092	29,746	4,471
Selling and marketing expenses		(1,103)	(109)	(1,283)	(714)
General and administrative expenses		(12,341)	(13,150)	(32,286)	(32,603)
Other operating expenses	3	(17)	—	(4,017)	—
Finance costs		(172)	(138)	(537)	(211)
Development costs	5	(100)	—	(547)	—
Profit/(Loss) before income tax expenses		7,426	(6,871)	5,485	(17,454)
Income tax expenses	6	(36)	23	(147)	(7)
Profit/(Loss) for the period		7,390	(6,848)	5,338	(17,461)

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2012	2011	2012	2011
		HK\$'000	HK\$'000 (restated)	HK\$'000	HK\$'000 (restated)
Profit/(Loss) attributable to:					
Owners of the Company		9,920	(6,848)	7,868	(17,461)
Non-controlling interests		(2,530)	—	(2,530)	—
Profit/(Loss) for the period		7,390	(6,848)	5,338	(17,461)
Other comprehensive income:					
Fair value loss on available-for-sale financial assets		(13)	(89)	(82)	(398)
Currency translation differences		(178)	(340)	(178)	(355)
Other comprehensive income for the period		(191)	(429)	(260)	(753)
Total comprehensive income/ (expenses) for the period		7,199	(7,277)	5,078	(18,214)
Total Comprehensive income attributable to:					
Owners of the Company		9,729	(7,277)	7,608	(18,214)
Non-controlling interests		(2,530)	—	(2,530)	—
		7,199	(7,277)	5,078	(18,214)
Earnings/(Loss) per share for profit/loss attributable to the owners of the Company during the period					
— Basic (in HK Cents)	8 (i)	2.25	(1.55)	1.78	(3.47)
— Diluted (in HK Cents)	(ii)	1.86	N/A	1.48	N/A

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Preparation of the Accounts

The unaudited consolidated results have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the GEM Listing Rules.

The principal accounting policies and methods of computation used in the preparation of these accounts are consistent with those adopted in the preparation of the annual report of the Company for the year ended 31 March 2012.

The unaudited consolidated results of the Group for the nine months ended 31 December 2012 have been reviewed by the audit committee of the Company.

2. Revenue and Other Income and Gains

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

	For the three months ended 31 December		For the nine months ended 31 December	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Revenue				
Service income from provision of financial information services	6,697	5,254	17,029	16,372
Advertising income	207	230	1,545	945
Brokerage commission and service income	149	238	514	1,151
Loan interest income	31	—	1,111	—
	7,084	5,722	20,199	18,468
Other income and gains				
Fair value gain on held for trading investments	13,693	882	25,538	927
Gross rental income from investment properties	585	633	2,020	1,207
Gain on bargain purchase	—	1,185	—	1,185
Dividend income	—	—	433	200
Net foreign exchange gains	20	—	339	—
Management fee income	315	390	1,136	891
Interest income	1	1	11	2
Gain on dealing in securities	212	—	212	—
Others	10	1	57	59
	14,836	3,092	29,746	4,471
Total incomes	21,920	8,814	49,945	22,939

3. Other Operating Expenses

Other operating expenses represent mainly the sum of HK\$4,000,000 paid for full settlement of a litigation of the Company. Reference is made to the Company's announcement dated 10 September 2012.

4. Movement of Reserves

For the nine months ended 31 December 2012

	Share capital	Share premium	Merger reserve	Employee compensation reserve	Translation reserve	Property revaluation reserve	Investment revaluation reserve	Warrants reserve	Other Reserve	Accumulated losses	Total reserves	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2011	22,041	226,081	4,870	—	110	9,989	(848)	—	—	(190,995)	49,207	—	71,248
Comprehensive income													
Loss for the year	—	—	—	—	—	—	—	—	—	(17,461)	(17,461)	—	(17,461)
Other comprehensive income													
Fair value loss on available-for-sale financial assets	—	—	—	—	—	—	(398)	—	—	—	(398)	—	(398)
Currency translation differences	—	—	—	—	(355)	—	—	—	—	—	(355)	—	(355)
Total other comprehensive income	—	—	—	—	(355)	—	(398)	—	—	—	(753)	—	(753)
Total comprehensive income	—	—	—	—	(355)	—	(398)	—	—	(17,461)	(18,214)	—	(18,214)
Transactions with owners													
Issue of shares upon exercise of bonus warrants	—	2	—	—	—	—	—	—	—	—	2	—	2
Issue of shares upon open offers	88,164	(2,574)	—	—	—	—	—	—	—	—	(2,574)	—	85,590
Capital reduction	(105,797)	—	—	—	—	—	—	—	—	105,797	105,797	—	—
Employee share-based compensation	—	—	—	751	—	—	—	—	—	—	751	—	751
Total contributions by and distributions to owners	(17,633)	(2,572)	—	751	—	—	—	—	—	105,797	103,976	—	86,343
Balance at													
31 December 2011	4,408	223,509	4,870	751	(245)	9,989	(1,246)	—	—	(102,659)	134,969	—	139,377

	Share capital	Share premium	Merger reserve	Employee compensation reserve	Translation reserve	Property revaluation reserve	Investment revaluation reserve	Warrants reserve	Other Reserve	Accumulated losses	Total reserves	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2012	4,408	223,509	4,870	536	(319)	9,989	(1,220)	1,763	–	(105,751)	133,377	–	137,785
Comprehensive income													
Profit for the year	–	–	–	–	–	–	–	–	–	5,338	5,338	–	5,338
Other comprehensive income													
Fair value loss on available-for-sale financial assets	–	–	–	–	–	–	(82)	–	–	–	(82)	–	(82)
Change in non-controlling interest arising from decrease of the Group's shareholding in a subsidiary	–	–	–	–	–	–	–	–	1,470	–	1,470	2,530	4,000
Currency translation differences	–	–	–	–	(178)	–	–	–	–	–	(178)	–	(178)
Total other comprehensive income	–	–	–	–	(178)	–	(82)	–	1,470	–	1,210	2,530	3,740
Total comprehensive income	–	–	–	–	(178)	–	(82)	–	1,470	5,338	6,548	2,530	9,078
Transactions with owners													
Issue of shares upon exercise of bonus warrants	–	–	–	–	–	–	–	–	–	–	–	–	–
Employee share-based compensation	–	–	–	300	–	–	–	–	–	–	300	–	300
Total contributions by and distributions to owners	–	–	–	300	–	–	–	–	–	–	300	–	300
Balance at 31 December 2012	4,408	223,509	4,870	836	(497)	9,989	(1,302)	1,763	1,470	(100,413)	140,225	2,530	147,163

5. Development Costs

Development Costs incurred during the period represents the amortised costs on system development, configuration on “Fin TV” Project. The increase was due to additional license fee for “Fin TV” project of HK\$239,000.

6. Income Tax Expenses

The Company and one of its former subsidiaries were incorporated in the Cayman Islands as exempted companies and, accordingly, are 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 subsidiary established in the British Virgin Islands was exempted from payment of the British Virgin Islands income tax. A former subsidiary of the Company established in the Republic of Seychelles was exempted from payment of the Republic of Seychelles income tax.

No Hong Kong profits tax has been provided for the three months and nine months ended 31 December 2012 (2011: tax refund of HK\$38,000) as the Group had no assessable profit arising in or derived from Hong Kong for the period.

The PRC income tax of approximately HK\$105,000 and HK\$42,000 was paid during the nine months ended 31 December 2012 (2011: HK\$45,000) for the net rental income from the investment properties of the Company in the PRC and tax provision of a PRC subsidiary respectively.

7. Dividend

The Board does not recommend the payment of dividend for the nine months ended 31 December 2012 (2011: Nil).

8. Earnings/(Loss) Per Share

i. Basic

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to owners of the Company for the three months and nine months ended 31 December 2012 of approximately HK\$9,920,000 and HK\$7,868,000 respectively (three months and nine months ended 31 December 2011: approximately HK\$(6,848,000) and HK\$(17,461,000) respectively) and on the number of 440,818,880 shares in issue during the three months and nine months ended 31 December 2012 (2011: 440,818,880 shares).

ii. Diluted

The computation of diluted earnings per share for the three months ended 31 December 2012 is based on the profit attributable to owners of the Company for the three months ended 31 December 2012 of approximately HK\$9,920,000 on the exercise of the Company's outstanding share options and warrants, which will result in issue of 4,000,000 shares and 88,162,000 shares respectively.

The computation of diluted earnings per share for the nine months ended 31 December 2012 is based on the profit attributable to owners of the Company for the nine months ended 31 December 2012 of approximately HK\$7,868,000 on the exercise of the Company's outstanding share options and warrants, which will result in issue of 4,000,000 shares and 88,162,000 shares respectively.

No computation of diluted earnings per share for the nine months ended 31 December 2011 and for the three months ended 31 December 2011 since their exercise would result in a decrease in loss per share.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

Media Business

In response to the market structure and based on the overall planning of the Group, the Group has continued the development of media business in financial sector by implementation of the Group's Internet, Mobile and Media ("IMM") growth strategy through the establishment of Xian Dai TV Limited, a company incorporated in Hong Kong and an indirect subsidiary of the Group. This company is engaged in the production of programmes regarding financial news. It has also traded as "FIN TV" and a studio has been launched in Admiralty in June 2012. The Group believes that this business would have fruitful return in the coming years.

Money Lending Business

In order to diversify the Group's business, the Group has successfully applied for a money lender licence by setting-up of a new wholly-owned subsidiary, namely Finet Finance Limited, which has commenced its business in May 2012. During the year, it has produced loan interest income of HK\$1,111,000 for the nine months ended 31 December 2012.

Financial Information Business

With the rapidly changing business environments in Hong Kong and the PRC together with the high requirement of the investors, the Group has continued to provide investors with one-stop shop solution that includes transaction services in addition to pure data, news and analytics.

The Group has been carefully examining the ways to improve its competitive advantages and operational efficiency amid the deteriorating business environment. The Group has continued to promote the brand name of Finet as a leading financial news provider, expand its financial news distribution channels and introduce value-added services in press release, media monitoring and investor relations to its clients, which so far have been appreciated by the market. Besides, the Group has been expanding its mobile distribution channels for financial content.

The Group has been providing mobile solution to existing clients with encouraging results and has identified several mobile platform providers to distribute financial information in both the PRC and Hong Kong.

Securities and Futures Business

With the volatile situation of stock markets, the revenue generated from securities and futures business decreased drastically to approximately HK\$514,000 during the period under review (2011: HK\$1,151,000). Such decrease was mainly due to the drop of futures business.

FINANCIAL REVIEW

The Group reported a turnover of approximately HK\$20,199,000 for the nine months ended 31 December 2012, representing an increase of approximately 9.37% from approximately HK\$18,468,000 for the same period in 2011.

During the nine months ended 31 December 2012, the Group recorded cost of sales amounting to approximately HK\$5,790,000, representing an decrease of 15.66% from approximately HK\$6,865,000 for the same period in 2011.

Other income and gains for the nine months ended 31 December 2012 included mainly a fair value gain on held for trading investments of approximately HK\$25,538,000, gross rental income derived from investment properties in both Hong Kong and the PRC of approximately HK\$2,020,000, net foreign exchange gains of approximately HK\$339,000, dividend income of approximately HK\$433,000, management fee income of approximately HK\$1,136,000 and HK\$212,000 gain on dealing in securities.

General and administrative expenses of the Group for the nine months ended 31 December 2012 was approximately HK\$32,286,000 (2011: HK\$32,603,000), which represented a slight decrease of approximately 0.97% when compared to that of last year. During the period under review, additional staff were recruited for the production team in producing the programmes of financial news.

Finance costs for the nine months ended 31 December 2012 was approximately of HK\$537,000, which included additional mortgage loan interest on the properties acquired after the acquisition of Pink Angel Investments Limited in October 2011.

The Group's unaudited consolidated profit attributable to the owners of the Company for the nine months ended 31 December 2012 was approximately HK\$7,868,000 (2011: loss of HK\$17,461,000).

Other operating expenses represent mainly the sum of HK\$4,000,000 paid for full settlement of the litigation of the Company. Reference is made to the Company's announcement dated 10 September 2012.

LEGAL ACTION AGAINST A FORMER CHAIRMAN AND DIRECTOR OF THE COMPANY

On 3 December 2012, the Group issued an amended statement of claim against YU Gang for breaches of the fiduciary duties during his directorship, (i) without any or any proper authorization, YU Gang embezzled a total sum of RMB3,238,015.30 from the Company in relation to the unauthorized and unlawful remittances made to YU Gang's personal bank account, purportedly for settlement of expenses for certain PRC subsidiaries of the

Group; and (ii) unlawfully caused the transfer from the PRC subsidiary to his own bank account, a total sum of RMB721,000, which was meant to be paid to that subsidiary by a client of that subsidiary. The Company claims for (i) repayment of RMB3,238,015.30 and RMB721,000; (ii) account to the Company for all profits made or benefits received; (iii) damages; (iv) interest; (v) costs; and (vi) further or other relief.

CONNECTED TRANSACTION AND DEEMED DISPOSALS OF SUBSIDIARIES

On 19 December 2012, the Company announced the connected transaction, deemed disposal of subsidiary (the **"Transaction"**), which the indirect subsidiary of the Company, Xian Dai TV Limited (**"Xian Dai"**) entered into the subscription agreement (**"Subscription Agreement"**) with Maxx Management Services Limited (**"Maxx"**).

Pursuant to the Subscription Agreement, Xian Dai has conditionally agreed to allot and issue and the Maxx has conditionally agreed to subscribe for 4,000,000 Subscription Shares of Xian Dai for cash at the subscription price of HK\$4,000,000 in aggregate, representing 50% of the issued share capital of Xian Dai as enlarged by the Subscription.

Ms. Lo Yuk Yee, being the Director and the ultimate controlling Shareholder of the Company, is also the Director and the ultimate controlling shareholder of the Maxx. Accordingly, the Maxx is a connected person of the Company under Chapter 20 of the GEM Listing Rules and the contemplated under the Subscription Agreement constitutes a connected transaction of the Company.

Ms. Lo Yuk Yee, therefore, has abstained from voting on Board resolutions approving the Subscription Agreement, in accordance with the bye-laws of the Company.

As the applicable percentage ratios calculated in accordance with Chapter 19 of the GEM Listing Rules in relations to the Subscription Agreement and the transaction contemplated thereunder exceed 0.1% but less than 5%, the Subscription Agreement and the transaction contemplated thereunder is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules. The whole Transaction was completed on 19 December 2012.

OUTLOOK

Going forward, the Group will continue to build up its business fundamentals, upgrading its products, and acquiring appropriate companies and expanding the Group to grow in the coming years. We will look for new business opportunities by putting more efforts in our "FIN TV" business. A studio was founded in June 2012. It has produced films on financial news in our channel on daily basis.

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

As at 31 December 2012, 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	Name of associated corporations	Number of shares and capacity in which the shares were held		Number of underlying shares and capacity in which the underlying shares were held		Total number of shares	% of shares in issue <i>(note 2)</i>
			Beneficial owner	Interest of controlled corporation	Beneficial owner	Interest of controlled corporation		
Executive Director:								
Ms. Lo Yuk Yee ("Ms. Lo")	The Company	—	—	278,439,784 <i>(note 1)</i>	—	—	278,439,784	63.16%
Ms. Lo	—	Maxx Capital International Limited ("Maxx Capital") <i>(note 3)</i>	—	2 shares of US\$1 each	—	—	2 shares of US\$1 each	100%
Ms. Lo	—	Pablos International Limited ("Pablos") <i>(note 3)</i>	1,000 shares of US\$1 each	—	—	—	1,000 shares of US\$1 each	100%
Mr. Chow Wing Chau ("Mr. Chow")	The Company	—	—	—	500,000	—	500,000	0.11%
Mr. Yiu Wing Hei ("Mr. Yiu")	The Company	—	—	—	500,000	—	500,000	0.11%

Notes:

1. 278,439,784 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, Pablos and Ms. Lo were deemed by virtue of the SFO to be interested in 278,439,784 ordinary shares of HK\$0.01 each held by Maxx Capital.
2. As at 31 December 2012, the Company had 440,818,880 ordinary shares of HK\$0.01 each in issue.
3. Each of Maxx Capital and Pablos is a holding company of the Company and is thus an associated corporation (within the meaning of part XV of the SFO) of the Company.

Save as disclosed above, as at 31 December 2012, 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 2012, 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:

Name of substantial shareholder	Number of shares and capacity in which the shares were held		Number of underlying shares and capacity in which the shares were held		Total number of shares	% of shares in issue <i>(note 2)</i>
	Beneficial owner	Interest of controlled corporation	Beneficial owner	Interest of controlled corporation		
Substantial shareholders:						
Maxx Capital <i>(note 1)</i>	278,439,784	—	—	—	278,439,784	63.16%
Pablos <i>(note 1)</i>	—	278,439,784	—	—	278,439,784	63.16%

Notes:

1. 278,439,784 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, Pablos and Ms. Lo were deemed by virtue of the SFO to be interested in 278,439,784 ordinary shares of HK\$0.01 each held by Maxx Capital. Ms. Lo is a director of each of Maxx Capital and Pablos.
2. As at 31 December 2012, the Company had 440,818,880 ordinary shares of HK\$0.01 each 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 2012, 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.

MOVEMENTS OF OPTIONS

Details of movements of the share options granted under the share option scheme adopted on 16 December 2004 (with its mandate limit refreshed at the annual general meeting of the Company held on 18 August 2011) for the nine months ended 31 December 2012 are as follows:

Name of grantee	Date of grant	Exercise price	Number of share options					Balance as at 31 December 2012
			Balance as at 1 April 2012	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	
Executive Directors:								
Mr. Chow	30 September 2011	HK\$0.49	500,000	—	—	—	—	500,000
Mr. Yiu	30 September 2011	HK\$0.49	500,000	—	—	—	—	500,000
Employees	30 September 2011	HK\$0.49	3,000,000	—	—	—	—	3,000,000
Distributors	30 September 2011	HK\$0.49	4,000,000	—	—	—	(4,000,000)	—
Total			8,000,000	—	—	—	(4,000,000)	4,000,000

Validity period:	The share options are exercisable for a period of two years commencing from the end of the respective vesting period in the manner as stated below.	
Vesting period:	No vesting period	2,000,000 share options (as to 1,000,000 options have lapsed and 1,000,000 options have been cancelled)
	6 months after 30 September 2011:	3,250,000 share options (as to 1,250,000 options have lapsed and 1,000,000 options have been cancelled)
	12 months after 30 September 2011:	3,250,000 share options (as to 1,250,000 options have lapsed and 1,000,000 options have been cancelled)
	18 months after 30 September 2011:	3,250,000 share options (as to 1,250,000 options have lapsed and 1,000,000 options have been cancelled)
	24 months after 30 September 2011:	1,250,000 share options (as to 250,000 options have lapsed)

DIRECTORS' INTEREST IN CONTRACTS

Except as mentioned above, no other 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 31 December 2012 or at any time during such period (2011: 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 nine months ended 31 December 2012. 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 2012.

COMPETING INTERESTS

None of the Directors 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 2012.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in accordance with Rule 5.28 of the GEM Listing Rules. As at the date of this report, 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 consolidated results of the Group for the nine months ended 31 December 2012 have been reviewed by the audit committee of the Company.

PURCHASE, SALE OR REDEMPTION BY THE COMPANY OR ANY OF ITS SUBSIDIARIES

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 2012.

COMPLIANCE WITH CODE ON 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 2012, 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 nine months ended 31 December 2012, as the post of chief executive officer (“**CEO**”) was vacant, the duties of CEO 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 CEO and will make further commitment upon the appointment.

By Order of the Board

LO Yuk Yee

Chairman and Executive Director

Hong Kong, 30 January 2013

As at the date of this report, 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.