



財華社
FINET

Finet Group Limited

(Continued in Bermuda with limited liability)

(Stock Code: 08317)



Interim Report
2014 / 2015



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\$9,012,000 for the six months ended 30 September 2014, representing a decrease of approximately 31% from approximately HK\$13,119,000 for the same period in 2013.
- The Group's unaudited consolidated loss attributable to owners of the Company for the six months ended 30 September 2014 was approximately HK\$17,006,000.
- The Board does not recommend the payment of dividend for the six months ended 30 September 2014.

The board of Directors (the “Board”) is pleased to present the unaudited results of the Group for the three months and six months ended 30 September 2014, together with the comparative unaudited figures for the corresponding period in 2013 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2014

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2014 HK\$'000	2013 HK\$'000 (restated)	2014 HK\$'000	2013 HK\$'000 (restated)
Revenue	3	4,285	6,221	9,012	13,119
Cost of sales		(2,947)	(3,578)	(6,112)	(6,989)
Gross profit		1,338	2,643	2,900	6,130
Other income and gains	3	4	576	7	6,608
Selling and marketing expenses		(95)	(121)	(272)	(238)
General and administrative expenses		(10,952)	(8,686)	(21,680)	(18,327)
Finance costs	5	(117)	(152)	(236)	(316)
Loss before income tax	6	(9,822)	(5,740)	(19,281)	(6,143)
Income tax	7	(38)	6	(76)	(31)
Loss for the period		(9,860)	(5,734)	(19,357)	(6,174)

Notes	For the three months ended 30 September		For the six months ended 30 September	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Loss attributable to:				
Owners of the Company	(8,669)	(4,968)	(17,006)	(4,895)
Non-controlling interests	(1,191)	(766)	(2,351)	(1,279)
	(9,860)	(5,734)	(19,357)	(6,174)
Loss for the period	(9,860)	(5,734)	(19,357)	(6,174)
Other comprehensive income:				
Fair value (loss)/gain on available-for-sale financial assets	(211)	(35)	(35)	58
Currency translation differences	(1)	4	(97)	(4)
Other comprehensive income for the period	(212)	(31)	(132)	54
Total comprehensive income for the period	(10,072)	(5,765)	(19,489)	(6,120)
Attributable to:				
Owners of the Company	(8,881)	(4,999)	(17,138)	(4,841)
Non-controlling interests	(1,191)	(766)	(2,351)	(1,279)
	(10,072)	(5,765)	(19,489)	(6,120)
Loss per share for loss attributable to the owners of the Company during the period				
— Basic (in HK Cent)	(2.0)	(1.1)	(3.9)	(1.1)
— Diluted (in HK Cent)	N/A	N/A	N/A	N/A

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2014

		Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		8,320	8,155
Investment properties		89,000	89,000
Intangible assets		950	950
Statutory deposits and other assets		405	405
Available-for-sale financial assets		347	382
		99,022	98,892
Current assets			
Accounts receivable	10	9,280	9,682
Prepayments, deposits and other receivables		5,077	4,802
Tax Recoverable		6	6
Client trust bank balances		354	342
Cash and cash equivalents		53,068	69,701
		67,785	84,533
Total assets		166,807	183,425

		Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
	Notes		
Current liabilities			
Accounts payable	11	2,497	2,430
Accruals and other payables		6,626	8,351
Deferred income		843	1,431
Amount due to a related company		2,239	1,904
Borrowings	12	12,259	12,967
		24,464	27,083
Net current assets		43,321	57,450
Total assets less current liabilities		142,343	156,342
Non-current liabilities			
Deferred tax liabilities		9,939	9,939
Net assets		132,404	146,403
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	13	4,408	4,408
Reserves		127,564	144,212
		131,972	148,620
Non-controlling interests		432	(2,217)
Total equity		132,404	146,403

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014

	Attributable to owners of the Company											Non-	
	Share capital	Share premium	Merger reserve	Employee compensation reserve	Other reserve	Translation reserve	Property revaluation reserve	Investment revaluation reserve	Warrants reserve	Accumulated losses	Total reserves	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 2013	4,408	223,509	4,870	752	1,776	7	9,989	(1,299)	1,763	(78,570)	167,205	772	167,977
Loss for the period	—	—	—	—	—	—	—	—	—	(4,895)	(4,895)	(1,279)	(6,174)
Other comprehensive income													
Fair value gain on available-for-sale financial assets	—	—	—	—	—	—	—	58	—	—	58	—	58
Currency translation difference	—	—	—	—	—	(4)	—	—	—	—	(4)	—	(4)
Total other comprehensive income	—	—	—	—	—	(4)	—	58	—	—	54	—	54
Total comprehensive income	—	—	—	—	—	(4)	—	58	—	(4,895)	(4,841)	(1,279)	(6,120)
Employee share-based compensation	—	—	—	57	—	—	—	—	—	—	57	—	57
At 30 September 2013	4,408	223,509	4,870	809	1,776	3	9,989	(1,241)	1,763	(83,465)	162,421	(507)	161,914
At 1 April 2014	4,408	223,509	4,870	993	1,776	1	9,989	(992)	1,763	(97,697)	148,620	(2,217)	146,403
Loss for the period	—	—	—	—	—	—	—	—	—	(17,006)	(17,006)	(2,351)	(19,357)
Other comprehensive income													
Fair value (loss) on available-for-sale financial assets	—	—	—	—	—	—	—	(35)	—	—	(35)	—	(35)
Currency translation difference	—	—	—	—	—	(97)	—	—	—	—	(97)	—	(97)
Total other comprehensive income	—	—	—	—	—	(97)	—	(35)	—	—	(132)	—	(132)
Total comprehensive income	—	—	—	—	—	(97)	—	(35)	—	(17,006)	(17,138)	(2,351)	(19,489)
Share options lapsed during the period	—	—	—	(197)	—	—	—	—	—	197	—	—	—
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	5,000	5,000
Employee share-based compensation	—	—	—	490	—	—	—	—	—	—	490	—	490
At 30 September 2014	4,408	223,509	4,870	1,286	1,776	(96)	9,989	(1,027)	1,763	(114,506)	131,972	432	132,404

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 September 2014

	For the six months ended 30 September	
	2014 HK\$'000	2013 HK\$'000
Net cash (outflow)/inflow from operating activities	(19,596)	75,740
Net cash outflow from investing activities	(1,524)	(704)
Net cash inflow/(outflow) from financing activities	4,584	(5,071)
Net (decrease)/increase in cash and cash equivalents	(16,536)	69,965
Cash and cash equivalents, at beginning of period	69,701	19,576
Effect of foreign exchange rate changes, net	(97)	9
Cash and cash equivalents, at end of period	53,068	89,550
Analysis of balances of cash and cash equivalents:		
Cash and cash equivalents	53,068	89,550

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Finet Group Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in (i) the development, production and provision of financial information services and technology solutions to corporate and retail clients in Hong Kong and Greater China; (ii) media business; (iii) the securities and futures business that specializes in the provision of online securities and futures trading; (iv) money lending business; and (v) property investments. The principal activity of the Company is investment holding.

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands. On 16 June 2011, the Company was deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda. The Company’s registered office is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company’s principal place of business is situated at 30/F, Fortis Tower, 77–79 Gloucester Road, Wanchai, Hong Kong.

The Company’s parent is Maxx Capital International Limited, which is wholly owned by Pablos International Limited. The ultimate controlling party is Ms. LO Yuk Yee, the chairman and executive director of the Company, through her ownership in Pablos International Limited.

The Company’s shares have been listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 7 January 2005.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) unless otherwise stated. These consolidated financial statements were approved and authorized for issue by the board of directors on 7 November 2014.

2. BASIS OF PREPARATION

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

The principal accounting policies and methods of computation used in the preparation of these accounts are consistent with those adopted in the preparation of the annual report of the Company for the year ended 31 March 2014.

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets and held for trading investments, which are carried at fair value.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual report, and should be read in conjunction with the Group’s annual report for the year ended 31 March 2014.

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 is as follows:

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue				
Service income from provision of financial information services	2,728	4,212	5,963	8,954
Advertising, investor relationship and branding promotion and communication services income	608	686	1,151	1,146
Brokerage commission and service income	—	1	—	3
Loan interest income	215	591	430	1,556
Rental income from investment properties	734	731	1,468	1,460
	4,285	6,221	9,012	13,119
Other income and gains				
Dividend income	—	—	—	89
Fair value gain on held for trading investments	—	557	—	6,499
Interest income	4	2	7	3
Others	—	17	—	17
	4	576	7	6,608
Total income	4,289	6,797	9,019	19,727

4. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Company (the "executive Directors"). The executive Directors have reviewed the Group's internal reports in order to assess the performance and allocate resources; they have also determined the operating segments based on these reports. The executive Directors have further considered the business from product perspective and have assessed the performance of four main business segments: (i) Financial information services business; (ii) Securities and futures business; (iii) Money lending business; and (iv) Property investment.

At 30 September 2014, the Group is organized into four main operating segments:

- (i) Financial information services business — the development, production and provision of financial information services and technology solutions to corporate and retail clients in Hong Kong and Greater China, this segment also include results of the media business;
- (ii) Securities and futures business that specializes in the provision of online securities and futures trading;
- (iii) Money lending business; and
- (iv) Property investment.

Segment results for the six months ended 30 September 2014 about these businesses is as follows:

	Unaudited				
	Financial information services business HK\$'000	Securities and futures business HK\$'000	Money lending business HK\$'000	Property investment HK\$'000	Group HK\$'000
Revenue	7,114	—	430	1,468	9,012
Segment results	(19,377)	(1,202)	412	1,115	(19,052)
Other income and gains					7
Finance costs					(236)
Loss before income tax					(19,281)
Income tax					(76)
Loss for the period					(19,357)

Segment results for the six months ended 30 September 2013 about these businesses is as follows:

	Unaudited				Group HK\$'000
	Financial information services business HK\$'000	Securities and futures business HK\$'000	Money lending business HK\$'000	Property investment HK\$'000	
Revenue	10,100	3	1,556	1,460	13,119
Segment results	(13,142)	(1,276)	876	1,107	(12,435)
Other income and gains					6,608
Finance costs					(316)
Loss before income tax					(6,143)
Income tax					(31)
Loss for the period					(6,174)

The segment assets and liabilities at 30 September 2014 are as follows:

	Unaudited				Group HK\$'000
	Financial information services business HK\$'000	Securities and futures business HK\$'000	Money lending business HK\$'000	Property investment HK\$'000	
Assets	59,052	9,545	7,153	91,057	166,807
Liabilities	7,752	1,101	632	24,918	34,403

The segment assets and liabilities at 31 March 2014 are as follows:

	Audited				
	Financial information services business HK\$'000	Securities and futures business HK\$'000	Money lending business HK\$'000	Property investment HK\$'000	Group HK\$'000
Assets	75,412	9,778	7,041	91,194	183,425
Liabilities	9,678	1,143	632	25,569	37,022

5. FINANCE COSTS

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Interest expenses on bank borrowings — not wholly repayable within five years	117	152	236	308
Interest on finance lease	—	—	—	8
	117	152	236	316

6. LOSS BEFORE INCOME TAX

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss before income tax is arrived at after charging:				
Operating lease charges				
— rental of office premises	1,443	1,526	2,996	3,270
Depreciation of property, plant and equipment	644	453	1,367	1,013
Staff costs, including directors' emoluments				
— salaries and allowances	6,995	4,866	13,746	9,839

7. INCOME TAX

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

No Hong Kong profits tax has been provided for the three months and six months ended 30 September 2014 (2013: Nil) as the Group had no assessable profit arising in or derived from Hong Kong for the period.

The PRC income tax of approximately HK\$76,000 during the six months ended 30 September 2014 (2013: HK\$31,000) was mainly attributable to the net rental income from the investment properties of the Company in the PRC.

8. DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 30 September 2014 (2013: Nil).

9. LOSS PER SHARE

a) Basic

The calculation of basic loss per share is based on the loss attributable to owners of the Company for the three months and six months ended 30 September 2014 of approximately HK\$(8,669,000) and HK\$(17,006,000) respectively (three months and six months ended 30 September 2013: approximately HK\$(4,968,000) and HK\$(4,895,000) respectively) and on the number of 440,818,880 shares in issue during the three months and six months ended 30 September 2014 (three months and six months ended 30 September 2013: 440,818,880 shares).

b) Diluted

No computation of diluted loss per share for the six months ended 30 September 2014 and 2013 and for the three months ended 30 September 2014 and 2013 since the Company's share options and warrants outstanding during those periods were anti-dilutive.

10. ACCOUNTS RECEIVABLE

		Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
Loans receivable	(i)	6,888	6,581
Trade receivables	(ii)	2,392	3,101
		<hr/> 9,280 <hr/>	<hr/> 9,682 <hr/>

- (i) Loans receivable are unsecured, interests bearing at rates ranging from 10% per annum to 3% per month, and have a term of not more than one year.
- (ii) The credit terms granted by the Group to its customers of financial information services business range from 14 days to 90 days. An aging analysis of trade receivables as at the end of the reporting period is as follows:

	Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
0–30 days	923	1,346
31–60 days	71	105
61–90 days	137	37
Over 90 days	1,261	1,613
	2,392	3,101

11. ACCOUNTS PAYABLE

	Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
Accounts payable to:		
— Clients of financial information services business	2,143	2,088
— Clients of securities and futures business, brokers, dealers and clearing houses	354	342
	2,497	2,430

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

	Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
0–30 days	1,110	1,378
31–60 days	230	289
61–90 days	244	71
Over 90 days	559	350
	2,143	2,088

12. BANK BORROWINGS

	Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
Secured bank loans	12,259	12,967

The bank borrowings were classified as current liabilities because the related loan agreement contains a repayment on demand clause which gives the lender the unconditional right to call the loan at any time. The bank borrowings will mature in February 2023.

The bank loans were secured by certain investment properties of the Group and a limited guarantee at the amount of HK\$17,000,000 provided by the Company and a director of the Company respectively.

The contractual interest rates on the Group's floating rate bank loans ranged from 3.7% per annum to 4% per annum.

The carrying amounts of the bank loans approximate their fair values, as the impact of discounting is not significant.

The carrying amounts of the bank loans are denominated in Hong Kong dollars.

13. SHARE CAPITAL

	Number of ordinary shares of HK\$0.01 each	Nominal value ordinary shares HK\$'000
Authorised:		
At 1 April 2013, 31 March 2014 and 30 September 2014	15,000,000,000	150,000
Issued and fully paid:		
At 1 April 2013, 31 March 2014 and 30 September 2014	440,818,880	4,408

The owners of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

14. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Management fee paid to Maxx Capital Finance Limited (<i>note i</i>)	150	150	300	300
Referral fee and interest expenses paid to Maxx Capital Finance Limited in relation to the money lending business (<i>note i</i>)	—	422	—	648
Rental paid to Cyber Feel Limited (<i>note i</i>)	724	724	1,448	1,448

Note:

- (i) Maxx Capital Finance Limited and Cyber Feel Limited are beneficially owned by Ms. LO Yuk Yee, the chairman and executive director of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Group continued its Internet, Mobile and Media (“IMM”) growth strategy, the Group further strengthened its hold on media business with focus on financial sector through the continuous development of the “FinTV” branding. Both the broadness and depth of programmes offered by FinTV have continued to multiply. Being the only Cantonese and Chinese bilingual financial TV in Hong Kong, FinTV brings investors and financial elites in greater China the latest professional report, through television, internet and mobile channels at the same time. The Group believes that the FinTV will be one of the major driver for future growth in business.

Media Business

The Group mainly conducted its media business through the establishment of Xin Dai TV Limited together with a number of subsidiaries (“Xian Dai”). In addition to the production and distribution of programmes through the branding “FinTV”, Xian Dai also engaged in financial public relationship and creative advertising.

Property Investment Business

The investment properties in Hong Kong and in the PRC continued to provide stable income and positive contribution to the financial results of the Group.

Money Lending Business

The Group’s money lending business continued to provide positive contribution to the financial result of the Group.

Financial Information Service 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 competitive 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 and keen competition, the revenue generated from securities and futures business continued to decrease.

Financial Review

The Group reported a turnover of approximately HK\$9,012,000 for the six months ended 30 September 2014, representing a decrease of approximately 31% from approximately HK\$13,119,000 for the same period in 2013.

During the six months ended 30 September 2014, the Group recorded cost of sales amounting to approximately HK\$6,112,000, representing a decrease of 13% from approximately HK\$6,989,000 for the same period in 2013.

General and administrative expenses of the Group for the six months ended 30 September 2014 was approximately HK\$21,680,000 (2013: HK\$18,327,000 as restated), which represented an increase of approximately 18% when compared to that of last year. During the period under review, additional staff were recruited for the media business.

Finance costs for the six months ended 30 September 2014 was approximately HK\$236,000.

The Group's unaudited consolidated loss attributable to the owners of the Company for the six months ended 30 September 2014 was approximately HK\$17,006,000 (2013: loss of HK\$4,895,000).

Legal Action Against a Former Chairman and Director of the Company

On 3 December 2012 and further to the statement of claim against Yu Gang, George ("YU"), a former chairman and director of the Company, issued on 14 June 2012, the Group (as plaintiff) issued an amended statement of claim against YU (as defendant) for breaches of the fiduciary duties during his directorship: (i) without any or any proper authorization, YU embezzled a total sum of RMB3,238,015.30 from the Company in relation to the unauthorized and unlawful remittances made to YU'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. The plaintiff and the defendant exchanged witness statements in July 2014.

Liquidity and Financial Resources

At 30 September 2014, the net current assets of the Group was approximately HK\$43,321,000 (At 31 March 2014: HK\$57,450,000); the total equity of the Group was approximately HK\$132,404,000 (At 31 March 2014: HK\$146,403,000); the cash and bank deposits of the Group was approximately HK\$53,068,000 (At 31 March 2014: HK\$69,701,000).

Capital Structure

At 30 September 2014, the Group had total outstanding bank borrowings of approximately of HK\$12,259,000 (At 31 March 2014: HK\$12,967,000).

Charges of Assets

At 30 September 2014, certain investment properties of the Group with aggregate carrying value of approximately HK\$58,200,000 (At 31 March 2014: HK\$58,200,000) were pledged as securities for the borrowing facilities of the Group.

Gearing Ratio

The Group's gearing ratio, representing total borrowings divided by total equity, was approximately 9% as at 30 September 2014 (At 31 March 2014: approximately 9%).

Significant Investments Held

At 30 September 2014, the Group held available-for-sale financial assets of approximately HK\$347,000 (At 31 March 2014: HK\$382,000).

Exposure to Fluctuation in Exchange Rates

The Group holds investment properties in Renminbi and available-for-sales financial assets in Japanese Yen. The Group is therefore exposed to currency risks, as the value of the assets will fluctuate due to change in exchange rates. The risk of currency exposure is considered to be insignificant by the Directors and specific hedges may be taken out if necessary in the future.

Contingent Liabilities

At 30 September 2014, the Group had no significant contingent liabilities.

Employee Information

At 30 September 2014, the Group had 124 (At 31 March 2014: 122) full-time employees (including directors) in Hong Kong and the PRC.

The total staff costs (including Directors' remuneration) for the six months ended 30 September 2014 was approximately HK\$13,746,000 (2012: HK9,839,000). Other benefits provided by the Group to the employees include contribution to the mandatory provident fund under the Mandatory Provident Fund Schemes Ordinance and medical coverage.

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

As at 30 September 2014, 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 <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 1)</i>	—	2 shares of US\$1 each	—	—	2 shares of US\$1 each	100%
Ms. LO	Pablos International Limited ("Pablos") <i>(Note 1)</i>	1,000 shares of US\$1 each	—	—	—	1,000 shares of US\$1 each	100%
Mr. Chow Wing Chau ("Mr. CHOW")	The Company	—	—	750,000	—	750,000	0.17%
Mr. Yiu Wing Hei ("Mr. YIU")	The Company	—	—	250,000	—	250,000	0.06%

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 30 September 2014, the Company had 440,818,880 ordinary shares of HK\$0.01 each in issue.

Save as disclosed above, as at 30 September 2014, none of the Directors or chief executive of the Company nor their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

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

As at 30 September 2014, 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 shareholders	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		
Substantial shareholders:						
Maxx Capital (Note 1)	278,439,784	—	—	—	278,439,784	63.16%
Pablos (Note 1)	—	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 30 September 2014, the Company had 440,818,880 ordinary shares of HK\$0.01 each in issue.

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) (the “Old Share Option Scheme”) for the period ended 30 September 2014 are as follows:

Name of grantee	Date of grant	Exercise price	Number of share options			Balance as at 30 September 2014
			Balance as at 1 April 2014	Granted during the period	Lapsed during the period	
Executive Directors:						
Mr. CHOW	30 September 2011 (<i>Note 1</i>)	HK\$0.49	375,000	—	(125,000)	250,000
	3 January 2014 (<i>Note 2</i>)	HK\$0.50	500,000	—	—	500,000
Mr. YIU	30 September 2011 (<i>Note 1</i>)	HK\$0.49	375,000	—	(125,000)	250,000
Employees	30 September 2011 (<i>Note 1</i>)	HK\$0.49	1,500,000	—	(500,000)	1,000,000
	3 January 2014 (<i>Note 2</i>)	HK\$0.50	3,500,000	—	—	3,500,000
Total			6,250,000	—	(750,000)	5,500,000

Notes:

- For share options granted on 30 September 2011.

Validity period: The outstanding 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.

	As at 30 September 2014	As at 31 March 2014
Vesting period: 6 months after 30 September 2011:	Lapsed	Lapsed
12 months after 30 September 2011:	Lapsed	25%
18 months after 30 September 2011:	25%	25%
24 months after 30 September 2011:	25%	25%

- For share options granted on 3 January 2014.

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

	As at 30 September 2014	As at 31 March 2014
Vesting period: 6 months after 3 January 2014:	50%	50%
12 months after 3 January 2014:	50%	50%

Pursuant to an ordinary resolution passed at an annual general meeting of the Company held on 4 September 2014, the Old Share Option Scheme was terminated and a new share option scheme (the “New Share Option Scheme”) was adopted.

All outstanding options granted under the Old Share Option Scheme shall continue to be valid and exercisable in accordance with the Old Share Option Scheme.

The purpose of the New Share Option Scheme is to provide incentives and rewards to the eligible participants who contribute to the success of the Group’s operations.

The rules of the New Share Option Scheme provide that the Company may specify certain eligible participants to whom options shall be granted, the number of Shares subject to each option and the date on which the options shall be granted. The basis for determining the subscription price is also specified precisely in the rules of the New Share Option Scheme. There is no performance target specified in the New Share Option Scheme though the Board may specify such performance target at the time of grant. The Directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage eligible participants to acquire proprietary interests in the Company.

As at the date of this report, the New Share Option Scheme fully complies with the requirements of Chapter 23 of the GEM Listing Rules.

OUTSTANDING UNLISTED WARRANTS

As at 30 September 2014, the Company has outstanding warrants conferring the right to subscribe up to HK\$35,441,124 in aggregate for the shares of the Company. The issue price of each such warrant was HK\$0.02 and each of such warrants entitle the holder thereof to subscribe in cash for one ordinary share of HK\$0.01 each in the capital of the Company at an initial subscription price of HK\$0.402 per ordinary share of the Company, subject to adjustment at any time for the period commencing on 30 January 2012 to 4:00 p.m. (Hong Kong time) on 29 January 2017 (or if it is not a business day, the business day immediately preceding such day). The exercise in full of the subscription rights attaching to the outstanding warrants as at 30 September 2014 will result in the issue of 88,162,000 ordinary shares of the Company.

OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS

Save as disclosed above, the Directors are not aware of other person who, as at 30 September 2014, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

COMPETING INTERESTS

None of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the six months ended 30 September 2014.

AUDIT COMMITTEE

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

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

The unaudited condensed consolidated financial statements results of the Group for the six months ended 30 September 2014 have been reviewed by the audit committee of the Company.

DIRECTORS' INTEREST IN CONTRACTS

Except for the transactions stated in Note 14 to the unaudited condensed consolidated financial statements, no contracts of significance in relation to the Group's business to which the Group was a party and in which any of the Directors had a material interest, whether directly or indirectly, subsisted during or at the end of the six months ended 30 September 2014 or at any time during such period (2013: Nil).

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealing as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the six months ended 30 September 2014. Having made specific enquiry of all Directors, all Directors have complied with the required standard of dealings and its code of conduct regarding securities transactions throughout the six months ended 30 September 2014.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY LISTED SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 September 2014.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 15 to the GEM Listing Rules during the six months ended 30 September 2014, except for the following deviation:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be the same individual. During the six months ended 30 September 2014, as the post of chief executive officer was vacant, the duties of chief executive officer have been undertaken by other executive members of the Board. The Board is in the process of identifying a suitable candidate to be appointed as the chief executive officer and will make further commitment upon the appointment.

By Order of the Board

LO Yuk Yee

Chairman and executive Director

Hong Kong, 7 November 2014

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.