THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in Finet Group Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser(s) or transferees or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferees.

財華社
FINET

FINET GROUP LIMITED
財華社集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8317)

PROPOSED OPEN OFFER ON THE BASIS OF ONE OFFER SHARE FOR EVERY EXISTING SHARE HELD ON THE RECORD DATE; APPLICATION FOR WHITEWASH WAIVER; PROPOSED SHARE CONSOLIDATION; CHANGE OF BOARD LOT SIZE; PROPOSED RE-ELECTION OF DIRECTOR; AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to
the Independent Board Committee and Independent Shareholders

寶橋 BRIDGE PARTNERS

BRIDGE PARTNERS CAPITAL LIMITED

Underwriter to the Open Offer
Opulent Oriental International Limited

A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 33 to 48 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders are set out on pages 31 to 32 of this circular.

A notice convening the EGM to be held at Suite 505–506, 5th Floor, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong at 4:00 p.m. on Friday, 30 October 2009 is set out on pages 147 to 150 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Registrars at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so desire and in such event, the instrument appointing a proxy shall be deemed to be revoked.

The Open Offer is conditional, inter alia, upon the fulfillment of the conditions set out under the section headed "Conditions of the Open Offer" on pages 17 to 18 of this circular. In particular, the Open Offer is conditional upon the Whitewash Waiver having been granted by the Executive and the approval of the Open Offer and the Whitewash Waiver by the Independent Shareholders at the EGM by way of poll. The Underwriter is entitled under the Underwriting Agreement to terminate the Underwriting Agreement on the occurrence of certain events, including but not limited to force majeure, as more particularly described in the section headed "Termination of the Underwriting Agreement" on pages 18 to 19 of this circular. The Open Offer is therefore also subject to the Underwriter not terminating the Underwriting Agreement. Accordingly, the Open Offer may or may not proceed.

14 October 2009

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 high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"acting in concert"	has the meanings ascribed to it in the Takeovers Code
"Announcement"	the announcement of the Company dated 25 September 2009 in relation to the Open Offer, the Whitewash Waiver and the Re-election of Director
"Application Form(s)"	the form(s) of application in respect of the Open Offer to be issued to the Qualifying Shareholders
"Articles of Association"	the articles of association of the Company
"associate(s)"	has the same meanings ascribed to it in the GEM Listing Rules
"Board"	the board of Directors
"Bonus Warrant(s)"	the warrant(s) issued by the Company on 3 August 2009 by way of capitalisation issue entitling the holder(s) thereof to subscribe, at any time between the date of issue and the date immediately preceding the date falling on the second anniversary of the date of issue of the Bonus Warrants (both dates inclusive), for an aggregate of 89,495,311 fully paid Shares at the initial subscription price of HK$0.10 (subject to adjustments), which remain outstanding as at the date of this circular
"Business Day"	any day (other than a Saturday) on which banks in Hong Kong are generally open for business
"CCASS"	The Central Clearing and Settlement System established and operated by HKSCC
"Companies Ordinance"	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
"Company"	Finet Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
"Concert Party Group"	Opulent and Dr. Yu, and the parties acting in concert with any of them
"Consolidated Shares"	ordinary share(s) of HK$0.05 each in the share capital of the Company after the Share Consolidation becoming effective
"controlling shareholder"	has the meanings ascribed to it in the GEM Listing Rules

"Director(s)"	director(s) of the Company
"Dr. Yu"	Dr. Yu Gang, George, the Chairman of the Company and an executive Director and the beneficial owner of the entire issued share capital of the Underwriter
"EGM"	the extraordinary general meeting of the Company to be held at Suite 505–506, 5th Floor, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong at 4:00 p.m. on Friday, 30 October 2009 at which resolutions will be proposed to consider, and if thought fit, to approve, among others, the Open Offer and the Whitewash Waiver by the Independent Shareholders, and the Share Consolidation and the Re-election of Director by the Shareholders
"Excluded Shareholder(s)"	the Overseas Shareholders whom the Directors, having made enquiry regarding the legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place, consider it necessary or expedient not to offer the Offer Shares to such Shareholders on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
"First Open Offer"	the offer for subscription at the subscription price of HK$0.05 per Share by the Company to the qualifying Shareholders in the proportion of one offer Share for every two existing Shares held on the record date by way of open offer, as set out in the announcement of the Company dated 5 May 2009 and the prospectus of the Company dated 9 July 2009
"First Open Offer Results Announcement"	the announcement of the Company dated 30 July 2009 in relation to the results of the First Open Offer
"GEM"	The Growth Enterprises Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Independent Board Committee"	an independent committee of the Board comprising all the independent non-executive Directors namely Dr. Lam Lee G., Mr. Wu Tak Lung and Mr. Lam Ka Wai, Graham established to advise the Independent Shareholders in relation to the Open Offer and the Whitewash Waiver
"Independent Financial Adviser" or "Bridge Partners"	Bridge Partners Capital Limited, a licensed corporation authorized to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO, the independent financial adviser engaged by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Open Offer and the Whitewash Waiver
"Independent Shareholders"	Shareholders other than (i) the Concert Party Group; (ii) the independent non-executive Directors namely Dr. Lam Lee G. and Mr. Wu Tak Lung (each interested in Vested Share Options entitling each of them to subscribe for 1,096,774 Shares) and (iii) Shareholders who are involved in, or interested in the Underwriting Agreement, the Open Offer and/or the Whitewash Waiver
"Independent Third Party(ies)"	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with any director, chief executive or substantial shareholders of the Company and its subsidiaries or any of their respective associates
"Irrevocable Undertakings"	the Irrevocable Undertakings dated 22 September 2009 under which Dr. Yu has irrevocably undertaken to the Underwriter and the Company that he will not exercise his subscription rights attaching to 13,299,484 Share Options held by him from the date of such undertaking up to and including the Record Date
"Last Trading Date"	22 September 2009, being the last trading day which was immediately prior to the suspension of trading in the Shares on 23 September 2009 on GEM
"Latest Practicable Date"	12 October 2009, being the latest practicable date for ascertaining certain information contained in this circular
"Latest Time for Acceptance"	4:00 p.m. on Thursday, 19 November 2009 or such other date or time as may be agreed by the Company and the Underwriter in writing, being the latest time for application of the Offer Shares

"Latest Time for Termination"	4:00 p.m. on Tuesday, 24 November 2009 or such later time to be agreed in writing between the Company and the Underwriter, being the latest time for the Underwriter to terminate the Underwriting Agreement
"Offer Share(s)"	not less than 899,465,189 new Shares and not more than 996,424,048 new Shares, proposed to be offered to the Qualifying Shareholders for subscription on the terms and subject to the conditions set out in the Underwriting Agreement and in the Prospectus Documents
"Open Offer"	the proposed offer for subscription at the Subscription Price to be made by the Company to the Qualifying Shareholders in the proportion of one Offer Share for every existing Share held on the Record Date by way of open offer upon the terms and conditions mentioned herein and more particularly described in the Prospectus Documents
"Optionholders"	holders of the Share Options other than Dr. Yu
"Opulent" or "Underwriter"	Opulent Oriental International Limited, a company incorporated in the British Virgin Islands and the underwriter to the Open Offer. Opulent is wholly-owned by Dr. Yu, and is the controlling shareholder of the Company holding approximately 30.57% of the entire issued share capital of the Company as at the Latest Practicable Date
"Overseas Shareholders"	Shareholders with registered addresses (as shown in the register of members of the Company as at the close of business on the Record Date) which are outside Hong Kong
"PRC"	the People's Republic of China
"Prospectus"	the prospectus to be issued by the Company in relation to the Open Offer
"Prospectus Documents"	the Prospectus and the Application Form
"Prospectus Posting Date"	Wednesday, 4 November 2009, the date of despatch of the Prospectus Documents, or such other date as the Underwriter may agree in writing with the Company for the despatch of the Prospectus Documents
"Qualifying Shareholders"	Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date, other than the Excluded Shareholders

"Record Date"	Friday, 30 October 2009, or such other date as may be agreed between the Company and the Underwriter for the determination of the entitlements under the Open Offer
"Re-election of Director"	the proposed re-election of Mr. Lam Ka Wai, Graham, as an independent non-executive Director at the EGM
"Registrars"	Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, the Hong Kong branch share registrars of the Company
"Relevant Period"	the period beginning six months prior to the date of the Announcement and ending on the Latest Practicable Date
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	the existing share(s) of HK$0.01 each in the share capital of the Company
"Share Consolidation"	the proposed consolidation of every five issued and unissued Shares into one Consolidated Share
"Share Options"	comprising options to subscribe for an aggregate of 21,201,742 Shares at the exercise prices ranging from HK$0.1368 to HK$0.6091 per Share (subject to adjustment) granted under the Share Option Schemes
"Share Option Schemes"	the share option schemes adopted by the Company on 23 July 2004 and 16 December 2004
"Shareholder(s)"	the holder(s) of the Shares of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	subscription price of HK$0.07 per Offer Share pursuant to the Open Offer
"Takeovers Code"	The Codes on Takeovers and Mergers
"Underwriting Agreement"	the conditional underwriting agreement dated 22 September 2009 entered into between the Company and the Underwriter in relation to the Open Offer

"Underwritten Shares"	not less than 624,459,005 Offer Shares and not more than 693,917,246 Offer Shares, being all Offer Shares (including the Offer Shares to which the Excluded Shareholder(s) would otherwise have been entitled) to be issued pursuant to the Open Offer less those Offer Shares which Opulent has undertaken to take up under the Open Offer
"Vested Share Options"	Share Options to subscribe for an aggregate of 20,763,032 which are exercisable by the holders thereof on or before the Record Date
"Whitewash Waiver"	a waiver from the Executive pursuant to note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Underwriter to make a mandatory offer for all the securities of the Company not already owned by the Concert Party Group which would otherwise arise as a result of the Underwriter taking up of the Underwritten Shares under the Open Offer
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"RMB"	renminbi, the lawful currency of PRC
"%"	per cent.

Last day of dealings in the Shares on a cum-entitlement basis	Thursday, 22 October 2009
Commencement of dealings in the Shares on an ex-entitlement basis	Friday, 23 October 2009
Latest time for lodging transfers of the Shares with the Registrars in order to be qualified for the Open Offer	4:30 p.m. on Tuesday, 27 October 2009
Register of members closes to determine entitlements under the Open Offer (both dates inclusive)	Wednesday, 28 October to Friday, 30 October 2009
Latest time for return of form of proxy for the EGM	4:00 p.m. on Wednesday, 28 October 2009
Record Date	Friday, 30 October 2009
EGM to be held	4:00 p.m. Friday, 30 October 2009
Announcement of the results of the EGM	Not later than 11:00 p.m. on Friday, 30 October 2009
Register of members re-opens	Monday, 2 November 2009
Prospectus Posting Date	Wednesday, 4 November 2009
Latest Time for Acceptance and payment for, the Offer Shares	4:00 p.m. on Thursday, 19 November 2009
The Underwriting Agreement becomes unconditional	4:00 p.m. on Tuesday, 24 November 2009
Announcement of results of the Open Offer to be published	Not later than 11:00 p.m. Tuesday, 24 November 2009
Certificates for the Offer Shares expected to be despatched on or before	Thursday, 26 November 2009
Dealings in the Offer Shares commence on	Monday, 30 November 2009
Effective date of the Share Consolidation	Monday, 30 November 2009

First day of free exchange for existing green share certificates for new orange share certificates for Consolidated Shares	Monday, 30 November 2009
Original counter for trading in existing Shares in board lots of 10,000 Shares temporarily closes	9:30 a.m. on Monday, 30 November 2009
Temporarily counter for trading in Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of existing green share certificates) opens	9:30 a.m. on Monday, 30 November 2009
Original counter for trading in Consolidated Shares in board lots of 5,000 Consolidated Shares (in the form of new orange share certificates) re-opens	Monday, 14 December 2009
Parallel trading in Consolidated Shares (in the form of new orange share certificates and existing green share certificates) commences on	9:30 a.m. on Monday, 14 December 2009
Designated broker starts to stand in the market to provide matching services for odd lots of Consolidated Shares	Monday, 14 December 2009
Temporarily counter for trading in Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of existing green share certificates) closes	4:00 p.m. on Tuesday, 5 January 2010
Parallel trading in Consolidated Shares (in the form of new orange share certificates and existing green share certificates) ends	4:00 p.m. on Tuesday, 5 January 2010
Designated broker ceases to stand in the market to provide matching services for odd lots of Consolidated Shares	4:00 p.m. on Tuesday, 5 January 2010
Last day for free exchange of existing green share certificates for new orange share certificates	Thursday, 7 January 2010

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE OFFER SHARES

All times in this circular refer to Hong Kong time. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on Thursday, 19 November 2009:

(i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance will be postponed to 5:00 p.m. on the same Business Day; or

(ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be postponed to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

Under such circumstances, the dates mentioned in the expected timetable above (including, without limitation, the Latest Time for Termination) may be affected.

Dates or deadlines stated in this circular for events in the timetable are indicative only and may be extended or varied between the Company and the Underwriter. Any changes to the expected timetable for the Open Offer will be announced as appropriate.

FINET GROUP LIMITED
財華社集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8317)

Executive Directors:
Yu Gang, George *(Chairman)*
Lin Peng, Ben

Independent non-executive Directors:
Lam Lee G.
Wu Tak Lung
Lam Ka Wai, Graham

Registered office:
Cricket Square,
Hutchins Drive, PO Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

Head office and Principal Place of Business in Hong Kong:
Suite 505–506, 5th Floor,
Low Block, Grand Millennium Plaza,
181 Queen's Road Central,
Hong Kong

14 October 2009

To the Shareholders and, for information only, the Optionholders

Dear Sir or Madam,

PROPOSED OPEN OFFER ON THE BASIS OF ONE OFFER SHARE FOR EVERY EXISTING SHARE HELD ON THE RECORD DATE; APPLICATION FOR WHITEWASH WAIVER; PROPOSED SHARE CONSOLIDATION; CHANGE OF BOARD LOT SIZE; PROPOSED RE-ELECTION OF DIRECTOR; AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

The Company announced on 25 September 2009 that the Company had entered into the Underwriting Agreement with the Underwriter on 22 September 2009 in relation to the Open Offer.

The Company further announced on 30 September 2009 that (i) conditional upon and immediately after completion of the Open Offer, the Company will implement the Share Consolidation on the basis that every five issued and unissued Shares will be consolidated into one Consolidated Share and that (ii) conditional upon the Share Consolidation becoming effective, the board lot size for trading in the shares of the Company will be changed from 10,000 Shares to 5,000 Consolidated Shares.

The purpose of this circular is to provide you with further details regarding, among other things, (i) the Open Offer; (ii) the Whitewash Waiver; (iii) the Share Consolidation and the change of board lot size; and (iv) the Re-election of Director and containing (i) a letter from the Independent Board Committee to the Independent Shareholders setting out their recommendation in relation to the Open Offer and the Whitewash Waiver; (ii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Open Offer and the Whitewash Waiver together with (iii) a notice of the EGM.

PROPOSED OPEN OFFER

Issue statistics

Basis of the Open Offer	:	One Offer Share for every existing Share held on the Record Date and payable in full upon application
Number of Shares in issue	:	899,465,189 Shares as at the Latest Practicable Date
Minimum number of Offer Shares assuming that none of the Share Options and the Bonus Warrants is exercised on or before the Record Date	:	899,465,189 Offer Shares
Maximum number of Offer Shares assuming that all the Vested Share Options (other than those held by Dr. Yu) and the Bonus Warrants are exercised in full on or before the Record Date	:	996,424,048 Offer Shares
Subscription Price	:	HK$0.07 per Offer Share payable in full upon application
Minimum number of Shares in issue as enlarged upon completion of the Open Offer assuming that none of the Vested Share Options and the Bonus Warrants is exercised on or before the Record Date	:	1,798,930,378 Shares

Maximum number of Shares in issue as enlarged upon completion of the Open Offer assuming that the Vested Share Options (other than those held by Dr. Yu) and the Bonus Warrants are exercised in full on or before the Record Date	:	1,992,848,096 Shares

As at the Latest Practicable Date, the Company has:

(i) Share Options entitling the holders thereof to subscribe for an aggregate of 21,201,742 Shares, of which Vested Share Options to subscribe for an aggregate of 20,763,032 Shares are exercisable on or before the Record Date at the exercise prices ranging from HK$0.1368 to HK$0.6091 per Share (subject to adjustments). The Vested Share Options consist of (i) Vested Share Options granted to Dr. Yu to subscribe for an aggregate of 13,299,484 Shares; (ii) Vested Share Options granted to the independent non-executive Directors to subscribe for an aggregate of 2,193,548 Shares; and (iii) Vested Share Options granted to employees of the Company to subscribe for an aggregate of 5,270,000 Shares. Dr. Yu has irrevocably undertaken, among other things, not to exercise the subscription rights attaching to 13,299,484 Vested Share Options held by him prior to the Record Date on the terms of the Irrevocable Undertakings; and

(ii) Bonus Warrants entitling the holders thereof to subscribe for an aggregate of 89,495,311 Shares at the initial subscription price of HK$0.10 (subject to adjustments).

Save for the Share Options and the Bonus Warrant, the Company has no other outstanding options, warrants, derivatives or convertible securities in issue which confer any rights to subscribe for, convert or exchange into the Shares as at the Latest Practicable Date.

Subscription Price

The Subscription Price of HK$0.07 per Offer Share is payable in full upon application of the relevant assured allotment of Offer Shares. The Subscription Price represents:

(i) a discount of approximately 22.22% to the closing price per Share of HK$0.090 as quoted on the Stock Exchange on the Last Trading Date;

(ii) a discount of approximately 20.45% to the average of the closing prices per Share of approximately HK$0.088 for the last 5 trading days as quoted on the Stock Exchange up to and including the Last Trading Date;

(iii) a discount of approximately 21.35% to the average of the closing prices per Share of approximately HK$0.089 for the last 10 trading days as quoted on the Stock Exchange up to and including the Last Trading Date;

(iv) a discount of approximately 12.50% to the theoretical ex-entitlement price of approximately HK$0.080 per Share calculated based on the closing price per Share of HK$0.090 as quoted on the Stock Exchange on the Last Trading Date; and

(v) a discount of approximately 12.5% to the closing price per Share of HK$0.080 as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was determined after negotiations between the Company and the Underwriter with reference to the current market price of the Shares. The Company believes that the terms of the Underwriting Agreement are in aggregate no less favourable to the Company than terms available from other alternative financing resources.

Basis of assured allotment

The basis of the assured allotment shall be one Offer Share for every existing Share held by the Qualifying Shareholders on the Record Date. Application for all or any part of a Qualifying Shareholder's assured allotment should be made by completing the Application Form and lodging the same with the remittance for the Offer Shares being applied for.

Fractions of the Offer Shares

On the basis of the assured allotment of one Offer Share for every existing Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Offer Shares will arise under the Open Offer.

Status of the Offer Shares

The Offer Shares, when allotted and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment of the Offer Shares.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Offer Shares.

Dealings in the Offer Shares in board lots of 10,000, which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty in Hong Kong, Stock Exchange trading fees, SFC transaction levy and other applicable fees and charges in Hong Kong.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Excluded Shareholders, the Company will send copies of the Prospectus to them for their information only, but the Company will not send any Application Form to the Excluded Shareholders.

To qualify for the Open Offer, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and must be a Qualifying Shareholder. In order to be registered as members of the Company at the close of business on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) with the Registrars for registration no later than 4:30 p.m. on Tuesday, 27 October 2009.

Closure of register of members

The register of members of the Company is expected to be closed from Wednesday, 28 October 2009 to Friday, 30 October 2009, both dates inclusive. No transfers of Shares will be registered during the book closure period.

Certificates of the Offer Shares

Subject to the fulfillment of the conditions of the Open Offer, share certificates for the Offer Shares are expected to be posted by Thursday, 26 November 2009 to those Shareholders entitled thereto by ordinary post at their own risks.

Rights of Excluded Shareholders

As at the Latest Practicable Date, the Company had three Overseas Shareholders with registered addresses in the United Kingdom and the United States. Pursuant to Rule 17.41 (1) of the GEM Listing Rules, the Company has made enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders.

Based on the legal opinion provided by the United Kingdom legal advisers, under United Kingdom Law, the Open Offer, which entitle the holders to subscribe for Shares, would amount to an offer of shares to the public in the United Kingdom. Subject to certain exceptions, it is unlawful for shares to be offered to the public in the United Kingdom unless a prospectus containing prescribed information has been made available to the public in the United Kingdom before the offer is made. After taking into consideration the advice of the United Kingdom legal advisors, the Directors have decided to extend the Open Offer to the Overseas Shareholders with registered addresses in the United Kingdom, as the Open Offer come within one of the exemptions from the requirement to produce a prospectus when shares are offered to the public in the United Kingdom. Accordingly, Overseas Shareholders with registered addresses in the United Kingdom are considered to be Qualified Shareholders.

Based on the legal opinion provided by the United States legal advisors, in general, a Hong Kong listed issuer would be permitted to make an open offer of shares to its shareholders based in the United States subject to compliance with applicable United States federal securities laws and the securities laws of the various states in which its shareholders are resident. However, under United States federal securities laws there are registration requirements and related disclosure requirements. Furthermore, if the Open Offer was extended to Shareholders resident in the United States, the Open Offer would also be subject to federal and state anti-fraud and related rules that affect disclosures to Shareholders resident in the United States.

After taking into consideration the advice of the United States legal advisors, the Directors consider it necessary and expedient not to extend the Open Offer to the Overseas Shareholders with registered addressed in the United States as a result of the legal restrictions and the requirements of the relevant regulatory body in this place. Accordingly, the Overseas Shareholders with registered addresses in the United States are considered to be Excluded Shareholders.

No transfer of nil-paid entitlements and no application for excess Offer Shares

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable. There will not be any trading in nil-paid entitlements on the Stock Exchange.

Unlike the First Open Offer, no excess application arrangement will be made available in the Open Offer. The Board is of the view that the excess application arrangement is administratively costly and is potentially open to abuse. It has come to the attention of the Board that during the First Open Offer, there were some excess applications in which certain Shareholders deliberately split their holdings of Shares into odd lots of Shares in order to take advantage of the allocation basis that preference would be given to applications for rounding up odd-lot holdings to whole-lot holdings. Such suspected odd lots of Shares were apparently registered under the same names but different addresses or under the same address but different names. The Board has neither the legal means nor the time to investigate potential abuses at the time when the allocation is required to be made. Accordingly, after arm's length negotiation with the Underwriter, and taking into account the administrative costs to be incurred by excess application arrangement, the Board has decided that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Qualifying Shareholders under the Open Offer. Shareholders who wish to acquire a larger proportion in the Company under the Open Offer can purchase additional Shares on the market prior to the Record Date. The Offer Shares not validly applied for by the Qualifying Shareholders will be taken up by the Underwriter and/or the sub-underwriters procured by the Underwriter. Since no excess application for the Offer Shares is available, approval in respect of the absence of such arrangement and the Underwriting Agreement which serves as the alternative arrangement in respect of the untaken Offer Shares under the Open Offer shall be obtained from the Independent Shareholders at the EGM by way of poll for the purpose of compliance with Rule 10.42(2) of the GEM Listing Rules.

Shares held by nominee companies

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

For Shareholders whose Shares are held by their nominee(s) and would like to have their names registered on the register of members of the Company, they must complete the relevant registration with the Registrars by 4:30 p.m. on Tuesday, 27 October 2009.

UNDERWRITING ARRANGEMENT AND UNDERTAKINGS

The Underwriting Agreement

Date	:	22 September 2009
Underwriter	:	Opulent. Opulent is the controlling shareholder of the Company holding an aggregate of 275,006,184 Shares (representing approximately 30.57% of the issued share capital of the Company) as at the Latest Practicable Date. Opulent is an investment holding company whose ordinary course of business does not involve underwriting of securities and is wholly-owned by Dr. Yu.
Number of Underwritten Shares	:	Not less than 624,459,005 Offer Shares and not more than 693,917,246 Offer Shares (being all Offer Shares (including the Offer Shares to which the Excluded Shareholder(s) would otherwise have been entitled) to be issued pursuant to the Open Offer less those Offer Shares which Opulent has undertaken to take up).
Commission	:	An underwriting commission of 1.5% of the aggregate Subscription Price of up to 693,917,246 Offer Shares to be subscribed by Opulent will be payable by the Company to Opulent.

The Directors consider that the terms of the Underwriting Agreement are fair and reasonable.

Undertakings from Opulent

As at the Latest Practicable Date, Opulent is interested in 275,006,184 Shares, representing approximately 30.57% of the existing issued share capital of the Company. In addition, Opulent is beneficially interested in the Bonus Warrants which entitle it to subscribe for an aggregate of 27,500,618 Shares. Pursuant to the terms of the Underwriting Agreement, Opulent has irrevocably undertaken to the Company, among other things, that (i) it will not dispose of the 275,006,184 Shares beneficially owned by it from the date of the Underwriting Agreement up to the Latest Time for Acceptance; (ii) it will accept or procure to accept its assured allotments of 275,006,184 Offer Shares under the Open Offer in respect of the 275,006,184 Shares held by it as at the date of the Underwriting Agreement; and (iii) it will accept or procure to accept its assured allotments of such number of Offer Shares under the Open Offer in respect of any Shares which may be issued to it as a result of the exercise of the Bonus Warrants held by it from the date of the Underwriting Agreement up to and including the Record Date.

Undertakings from Dr. Yu

As at the Latest Practicable Date, Dr. Yu does not hold any Shares (save for the 275,006,184 Shares held through Opulent) but holds Vested Share Options to subscribe for an aggregate of 13,299,484 Shares. Pursuant to the Irrevocable Undertakings, Dr. Yu has irrevocably undertaken to the Company and the Underwriter that he will not exercise any of his Vested Share Options to subscribe for up to a maximum of 13,299,484 Shares, and that such Vested Share Options will remain registered in his name and beneficially owned by him from the date of the Irrevocable Undertakings up to and including the Record Date.

Conditions of the Open Offer

The Open Offer is conditional, among other things, on each of the following conditions being fulfilled:

(i) the passing of ordinary resolutions by the Independent Shareholders approving the Open Offer and the Whitewash Waiver at the EGM by way of poll;

(ii) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;

(iii) the delivery by or on behalf of the Company not later than the Prospectus Posting Date of one copy of each of the Prospectus Documents, duly signed by or on behalf of any two Directors together with any requisite accompanying documents, to the Stock Exchange and the Registrars of Companies in Hong Kong for filing and registration in accordance with the provisions of the Companies Ordinances;

(iv) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) listing of and permission to deal in all the Offer Shares and not having withdrawn or revoked such listings and permission;

(v) the posting of the Prospectus Documents to Qualifying Shareholders and of the Prospectus, for information purposes only, to the Excluded Shareholders;

(vi) compliance with and performance of all the undertakings and obligations of the Company as provided in the Underwriting Agreement; and

(vii) the obligations of the Underwriter not being terminated by the Underwriter in accordance with the terms of the Underwriting Agreement.

Save for condition (vi) which may be waived by the Underwriter in whole or in part, none of the conditions above can be waived. If the conditions of the Open Offer are not satisfied and/or waived (in respect of condition (vi) only) in whole or in part by the Underwriter by the Latest Time for Termination or such later date or dates as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall terminate and (except in respect of any reasonable legal fees or other reasonably out-of-pocket expenses, if any, of the Underwriter, or the indemnity given to the Underwriter and any rights or obligations which may accrue under the Underwriting Agreement prior to such termination) no party will have any claim against the other party for costs, damages, compensation or otherwise.

If the Underwriting Agreement terminates in accordance with its terms, the Open Offer will not proceed. The Irrevocable Undertakings as described above will lapse.

Termination of the Underwriting Agreement

The Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement if prior to the Latest Time for Termination:

(i) in the reasonable opinion of the Underwriter acting in good faith, the success of the Open Offer would be materially and adversely affected by:

(a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

(b) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof, of a political, financial, economic, currency, market or other nature (whether or not of the same kind, class or nature with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

(c) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or

(d) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

(e) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or

(f) the commencement by any third party of any litigation or claim against any company in the Group which is or might be material to the Group taken as a whole; or

(ii) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions on Hong Kong, the PRC or other jurisdiction relevant to any company in the Group and a change in currency conditions includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which makes it inexpedient or inadvisable to proceed with the Open Offer; or

(iii) this circular or the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date Underwriting Agreement been publicly announced or published by the Company and which is material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to accept the Offer Shares to be allotted to it.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

(i) any material breach of any of the warranties or undertakings contained in the relevant clause in the Underwriting Agreement comes to the knowledge of the Underwriter and such material breach materially and adversely affects the success of the Open Offer; or

(ii) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the relevant clause in the Underwriting Agreement untrue or incorrect in any material respect comes to the knowledge of the Underwriter and such event materially and adversely affects the success of the Open Offer.

If the Underwriter exercises such right, the Open Offer will not proceed.

WARNING OF THE RISKS OF DEALING IN THE SHARES

The Open Offer is conditional, inter alia, upon the fulfillment of the conditions set out in the section headed "Conditions of the Open Offer". In particular, the Open Offer is conditional upon the Whitewash Waiver having been granted by the Executive, the approval of the Open Offer and the Whitewash Waiver by the Independent Shareholders at the EGM by way of poll, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof as set out in the paragraph headed "Termination of the Underwriting Agreement". Accordingly, the Open Offer may or may not proceed.

Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company immediately before and after completion of the Open Offer is set out below, assuming that none of the Bonus Warrants is exercised on or before the Record Date:

	As at the date of this circular		**Upon completion of the Open Offer**							
			Assuming that none of the Vested Share Options is exercised on or before the Record Date				**Assuming that the Vested Share Options (other than those held by Dr. Yu) are exercised in full on or before the Record Date** *(Note 1)*			
Shareholders			**Nil subscription by public Shareholders**		**100% subscription by public Shareholders**		**Nil subscription by public Shareholders**		**100% subscription by public Shareholders**	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
Opulent	275,006,184	30.57	1,174,471,373	65.29	550,012,368	30.57	1,181,934,921	65.16	550,012,368	30.32
Total holdings of Concert Party Group *(Note 2)*	**275,006,184**	**30.57**	**1,174,471,373**	**65.29**	**550,012,368**	**30.57**	**1,181,934,921**	**65.16**	**550,012,368**	**30.32**
Lam Lee G. *(Note 3)*	—	—	—	—	—	—	1,096,774	0.06	2,193,548	0.12
Wu Tak Lung *(Note 3)*	—	—	—	—	—	—	1,096,774	0.06	2,193,548	0.12
Employees of the Company	—	—	—	—	—	—	5,270,000	0.29	10,540,000	0.58
Total holdings of Optionholders	**—**	**—**	**—**	**—**	**—**	**—**	**7,463,548**	**0.41**	**14,927,096**	**0.82**
Other public Shareholders	624,459,005	69.43	624,459,005	34.71	1,248,918,010	69.43	624,459,005	34.43	1,248,918,010	68.86
Total	**899,465,189**	**100.00**	**1,798,930,378**	**100.00**	**1,798,930,378**	**100.00**	**1,813,857,474**	**100.00**	**1,813,857,474**	**100.00**

The following sets out the shareholding structure of the Company upon completion of the Open Offer, assuming that the Bonus Warrants are exercised in full on or before the Record Date:

Shareholders	As at the date of this circular		Upon completion of the Open Offer							
			Assuming that none of the Vested Share Options is exercised on or before the Record Date				Assuming that the Vested Share Options (other than those held by Dr. Yu) are exercised in full on or before the Record Date *(Note 1)*			
			Nil subscription by public Shareholders		100% subscription by public Shareholders		Nil subscription by public Shareholders		100% subscription by public Shareholders	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
Opulent	275,006,184	30.57	1,291,467,302	65.29	605,013,604	30.59	1,298,930,850	65.18	605,013,604	30.36
Total holdings of Concert Party Group *(Note 2)*	**275,006,184**	**30.57**	**1,291,467,302**	**65.29**	**605,013,604**	**30.59**	**1,298,930,850**	**65.18**	**605,013,604**	**30.36**
Lam Lee G. *(Note 3)*	—	—	—	—	—	—	1,096,774	0.06	2,193,548	0.11
Wu Tak Lung *(Note 3)*	—	—	—	—	—	—	1,096,774	0.06	2,193,548	0.11
Employees of the Company	—	—	—	—	—	—	5,270,000	0.26	10,540,000	0.53
Total holdings of Optionholders	**—**	**—**	**—**	**—**	**—**	**—**	**7,463,548**	**0.38**	**14,927,096**	**0.75**
Other public Shareholders	624,459,005	69.43	686,453,698	34.71	1,372,907,396	69.41	686,453,698	34.44	1,372,907,396	68.89
Total	**899,465,189**	**100.00**	**1,977,921,000**	**100.00**	**1,977,921,000**	**100.00**	**1,992,848,096**	**100.00**	**1,992,848,096**	**100.00**

Note 1: Exercise of the Vested Share Options (other than the Vested Shares Options held by Dr. Yu to subscribe for an aggregate of 13,299,484 Shares) in full on or before the Record Date.

Note 2: Dr. Yu, being a party acting in concert with the Underwriter, does not hold any Shares as at the date of this circular.

Note 3: Dr. Lam Lee G. and Mr. Wu Tak Lung are independent non-executive Directors.

Saved for the Shares and the Bonus Warrants held by the Underwriter as set out above and the Vested Share Options held by Dr. Yu as disclosed in the paragraph headed "Undertakings from Dr. Yu", the Concert Party Group had no other shares, warrants, securities carrying conversion or subscription rights into any of the Shares and options and derivatives in respect of any of the Shares as at the Latest Practicable Date.

PREVIOUS FUND RAISING EXERCISES OF THE COMPANY

Date of announcement	Transaction	Net proceeds raised	Intended use of proceeds	Actual use of proceeds
5 May 2009	Open offer and bonus issue of warrants of 299,685,000 new Shares and 89,905,500 Bonus Warrants on a fully underwritten basis	HK$12.8 million	General working capital of the Group	Used as intended

Save as disclosed above, the Company has not conducted any other fund raising exercises in the past twelve months preceding the Latest Practicable Date.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Company will raise not less than approximately HK$63.0 million and not more than approximately HK$69.7 million before expenses in the Open Offer. Based on 899,465,189 Offer Shares, the estimated net proceeds from the Open Offer will be approximately HK$61.5 million (net of expenses of approximately HK$1.5 million comprising professional fees directly attributable to the Open Offer to be borne by the Company). The Company intends to use the net proceeds for general working capital to grow the Group's two core business lines, particularly the online game business in the Mainland China, and for investment in new business should any opportunities arise in the future.

As set out in the First Open Offer Results Announcement, the First Open Offer received overwhelming support from the Shareholders. A total of 3,223,255,472 Shares offered under the First Open Offer were applied for under the assured allotment application forms and the excess application forms, representing approximately 1,076% of the total number of 299,685,000 Shares offered under the First Open Offer. However, the amount raised by the First Open Offer was relatively modest in view of the then prevailing market condition. Notwithstanding the overwhelming support of the Shareholders, the Company could not capitalise on it as it was not possible to increase the Shares to be offered under the First Open Offer.

In view of the improved market conditions over the last few months and the overwhelming support of the Shareholders, the Board believes that there is a need and still a window of opportunity to further strengthen the Company's capital base by tapping additional funding from the Shareholders.

ADJUSTMENTS TO EXERCISE PRICES AND NUMBER OF SHARE OPTIONS AND THE SUBSCRIPTION PRICE OF BONUS WARRANTS

Adjustments to (a) the exercise prices and numbers of the outstanding Share Options; and (b) the subscription price of the Bonus Warrants, may be required under the relevant terms of the Share Option Schemes and the Bonus Warrant, respectively. The auditors of the Company will be appointed to certify the necessary adjustments, if any, to the exercise prices and numbers of the outstanding Share Options. Further announcement will be made by the Company in this regard.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND THE WHITEWASH WAIVER

Opulent is wholly-owned by Dr. Yu, and is the controlling shareholder of the Company holding an aggregate of 275,006,184 Shares, representing approximately 30.57% of the number of Shares in issue as at the Latest Practicable Date. Opulent is also beneficially interested in the Bonus Warrants entitling it to subscribe for an aggregate of 27,500,618 Shares. In addition, Dr. Yu is entitled to Vested Share Options to subscribe for an aggregate of 13,299,484 Shares.

As set out in the paragraph headed "Underwriting Arrangement and Undertakings", Opulent has irrevocably undertaken to the Company to subscribe in full for its assured allotments of the Offer Shares (including such number of Offer Shares in respect of any Shares which may be issued to it as a result of the exercise of the Bonus Warrants held by it from the date of the Underwriting Agreement up to and including the Record Date) under the Open Offer and those Offer Shares not having been subscribed for by the Qualifying Shareholders. Dr. Yu has irrevocably undertaken to the Underwriter and the Company, among other things, that he will not exercise his Vested Share Options to subscribe for an aggregate of 13,299,484 Shares from the date of the Irrevocable Undertakings up to and including the Record Date.

In the event that none of the Qualifying Shareholders (other than Opulent) takes up any Offer Shares upon completion of the Open Offer, the Underwriter will be required to take up all the Offer Shares that are not subscribed for under the Open Offer. Accordingly, the total number of Shares as held by the Concert Party Group will be increased from 275,006,184 Shares (representing approximately 30.57% of the total number of Shares in issue as at the Latest Practicable Date) to:

(i) 1,174,471,373 Shares (representing approximately 65.29% of the total number of Shares in issue as enlarged by the Open Offer), assuming that none of the Vested Share Options and the Bonus Warrants is exercised on or before the Record Date;

(ii) 1,181,934,921 Shares (representing approximately 65.16% of the total number of Shares in issue as enlarged by the Open Offer), assuming that the Vested Share Options (other than those held by Dr. Yu) are exercised in full by the Optionholders on or before the Record Date but none of the Bonus Warrants is exercised on or before the Record Date;

(iii) 1,291,467,302 Shares (representing approximately 65.29% of the total number of Shares in issue as enlarged by the Open Offer), assuming that none of the Vested Share Options is exercised by the Optionholders on or before the Record Date but the Bonus Warrants are exercised in full on or before the Record Date; and

(iv) 1,298,930,850 Shares (representing approximately 65.18% of the total number of Shares in issue as enlarged by the Open Offer), assuming that the Vested Share Options (other than those held by Dr. Yu) and the Bonus Warrants are exercised in full on or before the Record Date.

Accordingly, the taking up of the Underwritten Shares by Opulent will trigger an obligation on the part of Opulent to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares not already owned by or agreed to be acquired by the Concert Party Group.

An application has been made by the Underwriter to the Executive for the Whitewash Waiver in connection with the underwriting of the Open Offer by the Underwriter in the above circumstances pursuant to note 1 of the Notes on dispensations from Rule 26 of the

Takeovers Code. The Executive has agreed that subject to the approval of the Independent Shareholders at the EGM by way of poll, to waive any obligations of the Underwriter to make a general offer which might result from the subscription of the Underwritten Shares.

It is one of the conditions of the Underwriting Agreement that the Whitewash Waiver be granted by the Executive and approved by the Independent Shareholders at the EGM by way of poll. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Underwriting Agreement will not become unconditional and the Open Offer will not proceed.

Save that Opulent has taken up its assured entitlement of 91,668,728 Shares under the First Open Offer and has pledged 91,668,728 Shares on 24 August 2009 to Maxx Capital Finance Limited, a company independent of and not connected with the Company or any of its connected persons, none of the members of the Concert Party Group has dealt in any Shares, options, warrants, derivatives or convertible securities in issue which confer any rights to subscribe for, convert or exchange into Shares during the Relevant Period. The pledge of Shares was neither intended nor contemplated as at 5 June 2009, being the latest practicable date of the circular of the Company dated 9 June 2009. However, owing to change of circumstances and subsequent financial need, Opulent pledged its 91,668,728 Shares on 24 August 2009 to Maxx Capital Finance Limited. The fund obtained from the aforesaid share pledge was for Opulent's own use. Save that Opulent may arrange for the sub-underwriting of the Underwritten Shares, the securities to be acquired by Opulent, parties acting in concert with any of them in pursuance of the Open Offer will not be transferred, charged or pledged to any other persons. Opulent has confirmed that it has sufficient fund by way of internal resources to take up its assured entitlements and to fulfill its underwriting obligations pursuant to the Open Offer.

Should the Underwriter and Dr. Yu hold more than 50% of the voting rights of the Company upon completion of the Open Offer, they may further increase their shareholding in the Company without incurring any further obligation under Rule 26 of the Takeovers Code to make a general offer.

INFORMATION ON THE GROUP

The Group is principally engaging in the development, production and provision of financial information services and technology solutions to corporate clients and retail investors in Greater China and to develop and operate online games in Mainland China.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Dr. Lam Lee G., Mr. Wu Tak Lung and Mr. Lam Ka Wai, Graham, has been established to advise the Independent Shareholders as to whether the Open Offer and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the EGM. As at the Latest Practicable Date, Dr. Lam Lee G. and Mr. Wu Tak Lung were each interested in Vested Share Options entitling each of them to subscribe for 1,096,774 Shares.

INDEPENDENT FINANCIAL ADVISER

Bridge Partners has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Open Offer and the Whitewash Waiver. Such appointment has been approved by the Independent Board Committee.

INTENTION OF THE UNDERWRITER

It is the intention of the Underwriter that the Group will continue its current business. The Underwriter has no intention to make any major changes to the business or continued employment of the employees of the Group or to redeploy the fixed assets of the Group.

Opulent has decided to support the Open Offer by acting as the Underwriter to the Open Offer as it believes that the Open Offer would strengthen the Group's financial position and enlarge its capital base. This would in turn enhance the value of the investments of the Underwriter in the Group in the long run.

PROPOSED SHARE CONSOLIDATION AND CHANGE OF BOARD LOT SIZE

Proposed Share Consolidation

The Board proposes that conditional upon and immediately after completion of the Open Offer, the Company will implement the Share Consolidation on the basis that every five issued and unissued Shares will be consolidated into one Consolidated Share.

Effects of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company was HK$20,000,000 divided into 2,000,000,000 Shares, of which 899,465,189 Shares had been allotted and issued as fully paid or credited as fully paid. Assuming that there is no change in the total number of Shares in issue from the Latest Practicable Date up to the date of completion of the Open Offer save for the 899,465,189 new Shares to be issued under the Open Offer, upon completion of the Open Offer, the total number of Shares in issue will be enlarged to 1,798,930,378 Shares.

Upon the Share Consolidation becoming effective, on the basis that the Company does not allot and issue any further Shares prior thereto save for the aforesaid 899,465,189 new Shares, the authorised share capital of the Company shall become HK$20,000,000 divided into 400,000,000 Consolidated Shares, of which 359,786,075 Consolidated Shares will be in issue.

The Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the Company's memorandum and articles of association. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

Listing and Dealings

An application has been be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares to be in issue upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect form the commencement date of dealings in the Consolidated Share on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No part of the securities of the Company is listed or dealt in or of which listing or permission to deal is being or is proposed to be sought, on any other stock exchange.

Change of Board Lot Size

Based on the closing price of HK$0.083 per Share as at the Latest Practicable Date, the value of the current board lot of 10,000 Shares was HK$830. The Board proposes to change the board lot size for trading in the shares of the Company from 10,000 Shares to 5,000 Consolidated Shares upon the Share Consolidation becoming effective. Based on the closing price of HK$0.083 per Share as at the Latest Practicable Date, the ex-entitlement price per Share will be HK$0.0765 upon completion of the Open Offer and the expected value of each board lot of 5,000 Consolidated Shares is HK$1,912.5.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon:

(i) the passing by the Shareholders of an ordinary resolution to approve the Share Consolidation at the EGM;

(ii) the completion of the Open Offer; and

(iii) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Consolidated Shares in issue.

Reasons for the Share Consolidation and change of board lot size

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK$0.01 or HK$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. With reference to the recent trading price of the Shares, the Board proposes to proceed with the Share Consolidation. It is also expected that the Share Consolidation would bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange, which, along with the change in board lot size, will reduce the overall transaction costs for dealings in the Consolidated Shares.

Trading arrangements

Upon the Share Consolidation becoming effective, the trading arrangements proposed for dealings in Consolidated Shares are set out as follows:

(i) with effect from 9:30 a.m. on Monday, 30 November 2009, the original counter for trading in Shares in board lots of 10,000 Shares will close temporarily. A temporary counter for trading in Consolidated Shares in the form of existing green share certificates in board lots of 2,000 Consolidated Shares will be established; every five Shares in the form of existing green share certificates will be deemed to represent one Consolidated Share. The existing green share certificates for Shares can only be traded at this temporary counter;

(ii) with effect from 9:30 a.m. on Monday, 14 December 2009, the original counter will re-open for trading in Consolidated Shares in board lots of 5,000 Consolidated Shares. Only new orange share certificates for the Consolidated Shares can be traded at this counter;

(iii) with effect from 9:30 a.m. on Monday, 14 December 2009 to 4:00 p.m. on Tuesday, 5 January 2010 (both dates inclusive), there will be parallel trading at the counters mentioned in (i) and (ii) above; and

(iv) the temporary counter for trading in Consolidated Shares in the form of the existing green share certificates in board lots of 2,000 Consolidated Shares will be removed after the close of trading on Tuesday, 5 January 2010. Thereafter, trading will only be in Consolidated Shares in the form of new orange share certificates in board lots of 5,000 Consolidated Shares and the existing green share certificates for Shares will cease to be acceptable for trading and settlement purposes.

Shareholders are recommended to consult their licensed securities dealers, bank mangers, solicitors, professional accountants or other professional advisers, if they are in any doubt about the arrangements described above.

Odd lot arrangements and fractional Consolidated Shares

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint as agent, Ever-Long Securities Company Limited, to stand in the market to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares during the period from Monday, 14 December 2009 to Tuesday, 5 January 2010 (both dates inclusive). Holders of odd lots of Consolidated Shares who wish to take advantage of this arrangement either to dispose of their odd lots of the Consolidated Shares or top up to a full board lot may, directly or through their brokers, contact Mr. Yu Chi Hoi of Ever-Long Securities Company Limited by phone on 2815 3522 during this period. Holders of odd lots of Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares would be made on a best effort basis but would not be guaranteed. Any Shareholder who is in doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

Fractional entitlements of Consolidated Shares will be disregarded and not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of Shares regardless of the number of share certificates held by such holder.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, which is expected to be at 9:30 a.m. on Monday, 30 November 2009, Shareholders may, on or after Monday, 30 November 2009 until Thursday, 7 January 2010 (both days inclusive) submit share certificates for existing Shares to the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange, at the expense of the Company, for certificates of the Consolidated Shares (on the basis of five existing Shares for one Consolidated Share). Thereafter, the share certificates for existing Shares will remain effective as documents of title but will be accepted for exchange only on payment of a fee of HK$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) per certificate issued or cancelled (whichever is higher) payable by the Shareholders to the Hong Kong branch share registrar of the Company.

The new certificates for the Consolidated Shares will be orange in colour in order to distinguish them from the existing certificates for the Shares which are green in colour.

Adjustments to the Share Options and the Bonus Warrants

As at the Latest Practicable Date, the Company had outstanding Share Options entitling the holders thereof to subscribe for an aggregate of 21,201,742 Shares and outstanding Bonus Warrants entitling the holders thereof to convert into an aggregate of 89,495,311 Shares. Adjustments to (a) the exercise prices and numbers of the outstanding Share Options; and (b) the subscription price of the Bonus Warrants, may be required under the relevant terms of the Share Option Schemes and the Bonus Warrants, respectively. The auditors of the Company will be appointed to certify the necessary adjustments, if any, to the exercise prices and number of the outstanding Share Options. Further announcement will be made by the Company in this regard.

PROPOSED RE-ELECTION OF DIRECTOR

In accordance with Article 86(3) of the Articles of Association and the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules, Mr. Lam Ka Wai, Graham will retire at the EGM and, being eligible, will offer himself for re-election. Information on Mr. Lam Ka Wai, Graham as required to be disclosed under the GEM Listing Rules has been set out in Appendix IV to this circular. At the EGM, an ordinary resolution will be proposed to approve the re-election of Mr. Lam Ka Wai, Graham as an independent non-executive Director. An application has been made by or on behalf of Mr. Lam Ka Wai, Graham to the Executive under Note 2 on Rule 7 of the Takeovers Code for a consent to his retirement of the EGM.

GENERAL

The Open Offer is conditional on, among other things, the approval of the Open Offer and the Whitewash Waiver by the Independent Shareholders at the EGM. As at the Latest Practicable Date, Opulent was interested in an aggregate of 275,006,184 Shares, representing approximately 30.57% of the existing issued share capital of the Company. Opulent and parties acting in concert with it, including Dr. Yu, shall abstain from voting in favour of the relevant resolutions approving the Open Offer and the Whitewash Waiver.

Subject to the Open Offer and the Whitewash Waiver being approved by the Independent Shareholders at the EGM, the Prospectus Documents (or the Prospectus, where appropriate) containing further information on the Open Offer will be despatched to the Shareholders as soon as practicable.

The Share Consolidation is subject to, among other things, approval of the Shareholders at the EGM and no Shareholders are required to abstain from voting on the resolution in relation to the Share Consolidation at the EGM.

EGM

A notice convening the EGM to be held at Suite 505–506, 5th Floor, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong on 30 October 2009 is set out on pages 147 to 150 of this circular. Whether or not you are able to attend the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Registrars at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for the holding of the EGM or the adjourned meeting thereof (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so desire and in such event, the instrument appointing the proxy shall be deemed to be revoked.

Resolutions will be proposed as ordinary resolutions to consider and, if thought fit, to approve (i) the Open Offer; (ii) the Whitewash Waiver; (iii) the Share Consolidation; and (iv) the Re-election of Director.

RECOMMENDATION

The Directors believe that the terms of the Open Offer and the Whitewash Waiver are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The Directors also believe that the Share Consolidation and the change of board lot size are in the interests of the Company and the Shareholders as a whole.

You are advised to read carefully the letter from the Independent Board Committee regarding the Open Offer and the Whitewash Waiver on pages 31 to 32 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, the text of which is set out on pages 33 to 48 of this circular, considers that the terms of the Open Offer and the Whitewash Waiver respectively are fair and reasonable insofar as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to approve the Open Offer and the Whitewash Waiver respectively at the EGM.

FURTHER INFORMATION

Your attention is drawn to the financial and general information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
Finet Group Limited
Yu Gang, George
Chairman

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Open Offer and the Whitewash Waiver.

財華社
FINET

FINET GROUP LIMITED
財華社集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8317)

14 October 2009

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED OPEN OFFER ON THE BASIS OF ONE OFFER SHARE FOR EVERY EXISTING SHARE HELD ON THE RECORD DATE AND APPLICATION FOR WHITEWASH WAIVER

We refer to the circular of the Company dated 14 October 2009 (the "Circular") of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board to advise you as to whether the terms of the Open Offer and the Whitewash Waiver are fair and reasonable insofar as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole and to advise Independent Shareholders on how to vote on the resolutions approving the Open Offer and the Whitewash Waiver at the EGM. Bridge Partners Capital Limited has been appointed as the Independent Financial Adviser to advise you and us in this respect.

Having taken into account the principal reasons and factors considered by, and the advice of, the Independent Financial Adviser as set out in its letter of advice to you and us on pages 33 to 48 of the Circular, we are of the opinion that the terms of the Open Offer and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable insofar as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Open Offer and the Whitewash Waiver.

Yours faithfully,
Independent Board Committee

Mr. Lam Ka Wai, Graham	**Mr. Wu Tak Lung**	**Dr. Lam Lee G.**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the text of a letter of advice to the Independent Board Committee and the Independent Shareholders from Bridge Partners relating to the Open Offer and the Whitewash Waiver prepared for the purpose of incorporation in this circular:

寶橋 BRIDGE PARTNERS

BRIDGE PARTNERS CAPITAL LIMITED

Bridge Partners Capital Limited

Unit 605, 6/F, Grand Millennium Plaza
181 Queen's Road Central
Central, Hong Kong

14 October 2009

*To the independent board committee
and the independent shareholders of Finet Group Limited*

Dear Sirs,

PROPOSED OPEN OFFER ON THE BASIS OF ONE OFFER SHARE FOR EVERY EXISTING SHARE HELD ON THE RECORD DATE AND APPLICATION FOR WHITEWASH WAIVER

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Open Offer and the Whitewash Waiver, details of which are set out in the "Letter from the Board" contained in the circular of the Company dated 14 October 2009 (the "Circular"), of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

On 5 May 2009, the Company announced its intention to make the First Open Offer. A total of 3,223,255,472 Shares offered under the First Open Offer were applied for under the assured allotment application forms and the excess application forms, representing approximately 1,076% of the total number of 299,685,000 Shares offered under the First Open Offer.

In view of the improved market conditions over the past few months and the overwhelming support of the Shareholders, the Board believes that there is a need and still a window of opportunity to further strengthen the Company's capital base. Therefore, the Board proposes to make an additional open offer to the Shareholders to raise not less than approximately HK$63.0 million and not more than approximately HK$69.7 million before expenses, on the basis of one Offer Share for every existing Share held on the Record Date at the Subscription Price of HK$0.07 per Offer Share and payable in full upon application. The number of Offer Shares is not less than 899,465,189 new Shares (assuming that none of the Vested Share Options and the Bonus Warrants is exercised on or before the Record Date) and not more than 996,424,048 new Shares (assuming that all the Vested Share Options other than those held by Dr. Yu and the Bonus Warrants are exercised in full on or before the Record Date).

Pursuant to the terms of the Underwriting Agreement, the Underwriter has irrevocably undertaken to the Company, among other things, that (i) it will not dispose of the 275,006,184 Shares beneficially owned by it from the date of the Underwriting Agreement up to the Latest Time for Acceptance; (ii) it will accept or procure to accept its assured allotments of 275,006,184 Shares held by it as at the date of the Underwriting Agreement and (iii) it will accept or procure to accept its assured allotments of such number of Offer Shares under the Open Offer in respect of any Shares which may be issued to it as a result of the exercise of the Bonus Warrants held by it from the date of the Underwriting Agreement up to and including the Record Date. Dr. Yu, the chairman of the Company and an executive Director and the beneficial owner of the entire issued share capital of Opulent, has also irrevocably undertaken to the Company and the Underwriter that he will not exercise any of his Vested Share Options to subscribe for up to a maximum of 13,299,484 Shares, and that such Vested Share Options will remain registered in his name and beneficially owned by him from the date of the Irrevocable Undertakings up to and including the Record Date.

As at the Latest Practicable Date, Opulent (a company wholly-owned by Dr. Yu) is interested in (i) 275,006,184 Shares, representing approximately 30.57% of the existing issued share capital of the Company and (ii) the Bonus Warrants which are attached with the rights to subscribe for an aggregate of 27,500,618 Shares. In the event that none of the Qualifying Shareholders (other than Opulent) takes up any Offer Shares upon completion of the Open Offer, the Underwriter will be required to take up all the Offer Shares that are not subscribed for under the Open Offer. Assuming that (i) the Underwriter has taken up all his entitlements of 275,006,184 Offer Shares pursuant to the irrevocable commitment; (ii) none of the Qualifying Shareholders (other than Opulent) takes up any Offer Shares upon completion of the Open Offer and (iii) none of the Vested Share Options nor the Bonus Warrants is exercised on or before the Record Date, the Concert Party Group will increase their shareholding from approximately 30.57% to approximately 65.29% of the total number of Shares in issue as enlarged by the Open Offer or approximately 65.18% of the total number of Shares in issue as enlarged by the Open Offer on the assumption that the Vested Share Options (other than those held by Dr. Yu) and the Bonus Warrants are exercised in full on or before the Record Date. Accordingly, the taking up of the Underwritten Shares by the Underwriter and the exercise of the subscription rights attaching to the Bonus Warrants by the Underwriter will trigger an obligation on the part of the Underwriter to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares not already owned by or agreed to be acquired by the Concert Party Group. In this regard, the Underwriter has made an application to the Executive for the Whitewash Waiver in connection with the underwriting of the Open Offer by the

Underwriter pursuant to note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Open Offer and the Whitewash Waiver by the Independent Shareholders at the EGM by way of poll. Opulent and parties acting in concert with it, including Dr. Yu, shall abstain from voting in favour of the relevant resolutions approving the Open Offer and the Whitewash Waiver.

The Independent Board Committee, comprising all the independent non-executive Directors, namely, Dr. Lam Lee G., Mr. Wu Tak Lung and Mr. Lam Ka Wai, Graham, has been established to make recommendations to the Independent Shareholders as to whether the Open Offer and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the EGM.

BASIS OF OUR OPINION

In arriving at our opinion and recommendation, we have relied on the information supplied, the opinion and representations expressed by the Directors and the management of the Company. We have assumed that the information and representations contained or referred to in the Circular and the information and representations that have been provided by the Company and/or the Directors and/or the management of the Company, for which they are solely and wholly responsible, are true, accurate and complete at the time they were made and continue to be true up to and including the date of the EGM. We consider that we have been provided with sufficient information to form a reasonable basis of our opinion. We have no reason to suspect that any material fact or information has been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us.

We have not, however, carried out any independent verification on the information provided by the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Company, or its subsidiaries or associated companies, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Open Offer and the Whitewash Waiver.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Open Offer and the Whitewash Waiver and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Open Offer and the Whitewash Waiver, we have taken the following principal factors and reasons into consideration:

Background and financial information of the Group

The Group is principally engaging in the development, production and provision of financial information services and technology solutions to corporate clients and retail investors in Greater China and to develop and operate online games in Mainland China.

Set out below is a summary of the financial results of the Group for the two years ended 31 March 2009 and the 3 months ended 30 June 2008 and 2009:

	3 months ended 30 June		**Year ended 31 March**	
	2009	**2008**	**2009**	**2008**
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	8,763	9,000	33,088	35,829
Profit/(Loss) before taxation	(4,846)	(5,682)	(62,654)	3,285
Profit/(Loss) after taxation	(4,846)	(5,722)	(62,742)	3,285

	As at 31 March	
	2009	**2008**
	(Audited)	(Audited)
	HK$'000	*HK$'000*
Net asset value	53,090	113,933
Cash and cash equivalents	7,444	7,556

Year ended 31 March 2009 vs year ended 31 March 2008

The two business lines of the Group in Greater China for the year ended 31 March 2009 are financial information services in Greater China, mainly through sales to corporations and financial institutions and online games in Mainland China. As illustrated from the table above, the Group recorded a turnover of approximately HK$33.09 million for the year ended 31 March 2009, representing a decrease of approximately 8% as compared with that of the preceding financial year. As compared to the financial year ended 31 March 2008, the Group turned from making profit after taxation of approximately HK$3.29 million to making loss after taxation of approximately HK$62.74 million for the year ended 31 March 2009.

According to the annual report for the year ended 31 March 2009 (the "2009 Annual Report"), the net decrease in revenue was primarily attributable to an increase in online game business of approximately HK$0.99 million and a decrease in financial services and advertising services of approximately HK$3.73 million. The net loss of the Group is mainly due to (i) the impairment loss on goodwill arised from the acquisition of East Treasure Limited (a company and its subsidiaries of which are principally engaged in the development and operations of online games in Mainland China and the acquisition of East Treasure Limited was completed in June 2007) of approximately HK$43.20 million as a result of the annual impairment test for goodwill; (ii) the impairment loss on amount due from a former subsidiary of approximately HK$20.19 million arised from the capitalization of the online games development costs in the Group's online games segment and (iii) the increasing research and development expenses in online games development and financial information products. Moreover, the global financial tsunami has affected the financial performance of the Group. The Group's financial information business had experienced slowdown in sales growth in China. It was evidenced by the decrease of service income from the provision of financial information services from approximately HK$33.50 million for the year ended 31 March 2008 to HK$29.95 million for the year ended 31 March 2009 and decrease of advertising income by approximately 11.94% to HK$1.31 million in 2009.

The loss from the financial information services business segment has further widened from approximately HK$1.69 million to HK$16.22 million as a result from the slowdown in spending by both corporate and individual customers for financial information products due to the high market volatilities, sharp price drops and less market turnover in Hong Kong's and China's financial markets during the financial year ended 31 March 2009. On the other hand, the impairment charges related to the goodwill impairment and capitalization of online games development costs had seriously affected the online game business performance which turned from making profit of approximately HK$5.95 million in 2008 to the loss of approximately HK$46.1 million in 2009.

The cash and cash equivalents of the Group maintained at approximately HK$7 million for the two years ended 31 March 2009. According to the 2009 Annual Report, the total borrowings of the Group had increased from approximately HK$3.45 million in 2008 to HK$4.48 million in 2009. As at 31 March 2009, the audited consolidated net asset value of the Group was approximately HK$53.09 million, representing a significant decrease of approximately 53.40% as compared to the same corresponding period in 2008.

Three months ended 30 June 2009 vs three months ended 30 June 2008

For the three months ended 30 June 2009, the Group recorded the revenue of approximately HK$8.76 million, representing a reduction of approximately 2.67% as compared with that of the corresponding period of the preceding financial year. During the same period, the Group recorded the unaudited consolidated net loss of approximately HK$4.85 million as compared to the net loss of approximately HK$5.72 million for the corresponding period of the preceding financial year.

According to the first quarterly report of the Group for the three months ended 30 June 2009, the advertising income decreased approximately 64.08% to HK$0.16 million as compared with the corresponding period in 2008 due to the drop in the advertising expenditures from the international brokers as a result of the economic downturn. Meanwhile, the turnover of the online game business was insignificant due to the Group's ongoing research and development efforts in developing new games which are scheduled for official operations in 2010.

Reasons for the Open Offer

As stated in the "Letter from the Board", in view of the improved market conditions over the last few months and the overwhelming support of the Shareholders from the First Open Offer, the Board considers that there is a need and also a window of opportunity to further strengthen the capital base of the Company by tapping additional funding from the Shareholders. The Company intends to use the net proceeds of approximately HK$61.5 million from the Open Offer to expand the Group's two core business lines, particularly the online game business in the Mainland China, and for investment in new business should there be any opportunity arises in the future.

According to the 2009 Annual Report, the Group experienced a slowdown of business growth on financial information services and online game business segments following the breakout of global financial crisis. However, the Group had identified financial services and online games as the most promising areas that offer proven business models. It is foreseen that the Group needs more working capital to finance the continued business expansion of the Group and for investment in new business (if there arises any opportunities in the future). In particular, the Directors also advised that the proceeds from the Open Offer will be essential to grow the online gaming business including market expenses and continued R&D efforts for new games. The Open Offer provides the Company an opportunity to raise further working capital for its business expansion, enhance the financial position of the Group and strengthen the Company's capital base by tapping additional funding from the Shareholders.

Given the existing financial situation of the Group, the Directors believe that it is necessary for the Company to be further recapitalized. Having considered the facts that (i) the Group has been making losses for the year ended 31 March 2009 and for the three months ended 30 June 2009; (ii) the economic environment is still unstable after the global financial crisis; (iii) the Open Offer will enable the Company to enhance the financial position of the Group and strengthen the Company's capital base and (iv) the Open Offer will enable the Shareholders to maintain their respective pro rata shareholdings in the Company and participate in the future growth and development of the Group, we concur with the Directors that the Open Offer is in the interests of the Company and the Shareholders as a whole.

Principal terms of the Open Offer

(A) Basis

The Open Offer is on the basis of one Offer Share for every existing Share held on the Record Date at the Subscription Price. The Offer Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of the Offer Shares will be entitled to receive full future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

(B) Subscription Price

The Subscription Price of HK$0.07 per Offer Share is payable in full upon application of the relevant assured allotment of Offer Shares. The Subscription Price represents:

(i) a discount of approximately 22.22% to the closing price per Share of HK$0.090 as quoted on the Stock Exchange on the Last Trading Date;

(ii) a discount of approximately 20.45% to the average of the closing prices per Share of approximately HK$0.088 for the last 5 trading days as quoted on the Stock Exchange up to and including the Last Trading Date;

(iii) a discount of approximately 21.35% to the average of the closing prices per Share of approximately HK$0.089 for the last 10 trading days as quoted on the Stock Exchange up to and including the Last Trading Date;

(iv) a discount of approximately 12.50% to the closing price per Share of HK$0.080 as quoted on the Stock Exchange on the Latest Practicable Date; and

(v) a discount of approximately 12.50% to the theoretical ex-entitlement price of approximately HK$0.080 per Share calculated based on the closing price per Share of HK$0.090 as quoted on the Stock Exchange on the Last Trading Date.

As stated in the "Letter from the Board", the Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the current market price of the Shares. As the Offer Shares are offered to all Qualifying Shareholders, the Directors would like to set the Subscription Price at a level that would attract the Qualifying Shareholders to participate in the Open Offer. The Directors consider the Subscription Price is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

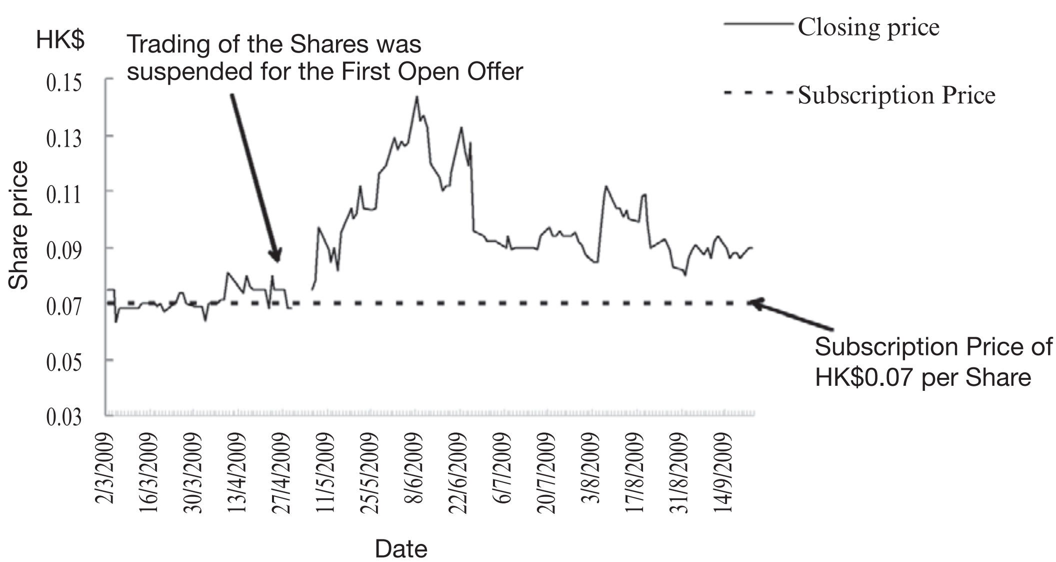
Analysis on the Subscription Price

To assess the fairness and reasonableness of the Subscription Price, we set out the following analyses for illustrative purpose in order to provide comprehensive analyses for the Independent Board Committee and the Independent Shareholders' consideration. When forming the analyses, we found that there are no other listed companies in Hong Kong which are engaged in the same two business lines as those of the Company, i.e. financial information services and online games. We consider that it is not relevant to compare the Subscription Price with the subscription prices of other open offers because the pricing of an open offer may vary under different stock market conditions as well as among companies with different financial standings and business performance and therefore each open offer is considered unique. As such, our analyses are mainly based on the historical share price and trading liquidity of the Shares.

(i) Share price performance

The following chart shows the closing prices of the Shares traded on the Stock Exchange since March 2009 up to and including the Last Trading Date (the "Review Period"):

Share Price Performance



Source: Website of the Stock Exchange

Note: The Share price as shown above is before the adjustments for the First Open Offer.

During the Review Period, the trading of the Shares was suspended between 30 April 2009 and 5 May 2009 pending the release of an announcement in relation to the First Open Offer. We note that the Share price had fluctuated within a narrow range between HK$0.063 and HK$0.081 prior to the said suspension in trading of the Shares. Subsequent to the said suspension, the Share price had fluctuated within a wider range between HK$0.075 and HK$0.144. According to the monthly return of the Company for the month ended 31 August 2009, 299,685,000 Shares were issued and allotted on 3 August 2009 from the First Open Offer approved by the corresponding extraordinary general meeting on 3 July 2009. As shown in the above chart, there are 15 trading days of the 139 trading days of the Review Period at which the closing price of Share is below the Subscription Price. In light of the fact that the Share price had been traded largely above the Subscription Price during the Review Period, we consider the Subscription Price is fair and reasonable.

(ii) Historical trading volume of the Shares

The following table sets out the average trading volume of the Shares per trading day, the percentage of average trading volume of the Shares per trading day to the total number of issued Shares and the percentage of average trading volume of the Shares per trading day to the total number of Shares held by public Shareholders during the period from 1 September 2008 to 28 February 2009 and the Review Period:

	Average trading volume of the Shares per trading day *(Number of Shares)*	**% of average daily trading volume of the Shares per trading day to the total number of issued Shares** *(%)* *(Note 1)*	**% of average daily trading volume of the Shares per trading day to the total number of Shares held by public Shareholders** *(%)* *(Note 2)*
2008			
September	484,761	0.08	0.12
October	155,238	0.03	0.04
November	313,500	0.05	0.08
December	120,476	0.02	0.03
2009			
January	412,777	0.07	0.10
February	157,500	0.03	0.04
March	673,801	0.11	0.16
April	1,688,421	0.28	0.41
May	9,570,076	1.60	2.30
June	4,484,120	0.75	1.08
July	3,006,082	0.50	0.72
August	14,764,832	1.64	2.36
September (up to and including the Last Trading Date)	1,933,750	0.21	0.31

Source: Website of the Stock Exchange

Notes:

1. Based on a total of 599,370,000 Shares in issue from September 2008 to July 2009 and 899,465,189 Shares in issue from August 2009 to the Last Trading Date.

2. Based on a total of 416,032,544 Shares held by public Shareholders from September 2008 to July 2009 and 624,459,005 Shares held by public Shareholders from August 2009 to the Last Trading Date.

3. Trading in the Shares was suspended from 30 April 2009 and 5 May 2009 (both days inclusive).

As shown from the above table, the average trading volume of the Shares during the period from 1 September 2008 to 28 February 2009 and most of the months of the Review Period was thin, representing less than 1% of the total Shares held by public Shareholders, except from May, June and August 2009 where there had been exceptional share volume volatility.

(iii) Our view

In general, it is a common market practice that the subscription price of the open offer share is set at a discount to the prevailing market price of the relevant share for the purposes of enhancing the attractiveness of an open offer exercise and providing an incentive to their shareholders to participate in the respective open offer. In light of the facts that the liquidity of the turnover of the Shares during the Review Period was relatively thin and the Subscription Price was set at a discount to the market price which is in line with market practice, we are of the view that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

We also consider that in the event the Qualifying Shareholders do not accept the Offer Shares to which they are entitled, the Underwriter would have to take up the unsubscribed Offer Shares and such arrangement will guarantee the Company to raise enough proceeds for its working capital. On the basis of (i) the net proceeds to be raised for the Group; (ii) the Subscription Price was determined after arm's length negotiations between the Company and the Underwriter and (iii) the Open Offer enables the Qualifying Shareholders to maintain their proportionate interests in the Company should they wish to do so and provides an equal opportunity among the Qualifying Shareholders who do not take up their entitlements will be diluted, we consider that the Open Offer is in the interests of the Company and the Shareholders as a whole.

(C) Underwriting Arrangement

Underwriting Commission

According to the "Letter from the Board", the Company will pay the Underwriter an underwriting commission of 1.5% of the aggregate Subscription Price of up to 693,917,246 Offer Shares to be subscribed by Opulent will be payable by the Company to Opulent.

To assess the fairness and reasonableness of the underwriting commission, we have researched for open offers conducted by other companies listed in Hong Kong in the preceding 6 months prior to the Last Trading Date (the "Comparables") and we noted from the Comparables, which are exhaustive from our research results, that the underwriting commission falls into the range of 1% to 4%. As such, we consider the underwriting commission of 1.5% is in line with the market and is fair and reasonable so far as the Independent Shareholders are concerned.

Despite of the fact that no underwriting commission was paid by the Company in the First Open Offer to the Underwriter, we note from the Comparables that 3 open offers were underwritten only by connected persons of their respective companies. The underwriting commission of such open offers is in the range from 1.25% to 2% and the underwriting commission of the Open Offer falls within this range. In light of the above, we are of the view that the underwriting commission rate for the Open Offer are in line with normal market practice and are therefore fair and reasonable.

Absence of arrangements for excess application for Offer Shares and no transfer of nil-paid entitlements

As set out in the "Letter from the Board", after arm's length negotiation with the Underwriter, the Company decided that the Qualifying Shareholders are not entitled to apply for any Offer Shares which are in excess of their assured entitlements and there will not be any trading in nil-paid entitlements on the Stock Exchange. According to the Company, the Board is of the view that the excess application arrangement is administratively costly and is potentially open to abuse. During the First Open Offer, the Company noted that some excess applications in which certain Shareholders deliberately split their holdings of Shares into odd lots of Shares in order to take advantage of the allocation basis that preference would be given to applications for rounding up odd-lot holdings to whole-lot holdings. The Company also noted in the First Open Offer that such suspected odd lots of Shares were apparently registered under the same names but different addresses or under the same address but different names. As advised by the Company, the Board has neither the legal means nor the time to investigate potential abuses at the time when the allocation is required to be made. The Company considers that, without the excess application for excess Offer Shares, the administrative costs to be incurred by excess application arrangement will be minimised.

We consider that the absence of the excess application arrangement may not be considered desirable from the point of view of Qualifying Shareholders who wish to take up the Offer Shares in excess of their entitlements. However, we consider that the aforesaid should be balanced against the facts that (i) the terms of the Open Offer are structured with an intention to encourage the Qualifying Shareholders to take up their respective assured allotment of the Offer Shares for the purpose of maintaining their respective existing shareholding in the Company at a discount to the historical and prevailing market price of the Shares which provides reasonable incentives to the Qualifying Shareholders to participate in the Open Offer and (ii) the Qualifying Shareholders who choose to accept the Open Offer in full can maintain their respective existing shareholdings in the Company after the Open Offer. As such, it is reasonable to expect that a majority of the Qualifying Shareholders will apply for the Offer Shares and the Offer Shares which will be available for excess application are expected to be minimal. Therefore, we consider that the absence of arrangements for application for excess Offer Shares under the Open Offer is fair and reasonable so far as the Independent Shareholders are concerned.

Termination of the Underwriting Agreement

According to the Underwriting Agreement, the Open Offer will not proceed if the Underwriter exercises his termination rights under the Underwriting Agreement, details of the provisions are set out in the section headed "Termination of the Underwriting Agreement" in the "Letter from the Board". We consider that such clause is common and in normal commercial terms and in line with market practice.

As we are of the opinion that the terms of the Underwriting Agreement are fair and reasonable and all Qualifying Shareholders are offered an equal opportunity to subscribe for the Offer Shares, we consider the Open Offer is fair and reasonable and in the interests of the Independent Shareholders as a whole.

Alternatives to the Open Offer

As advised by the Directors, the Company has considered other alternative means of financing, such as debt financing and other forms of equity financing. However, the Directors consider that the debt financing would increase the gearing ratio of the Group and incur additional interest burden to the Company. Given the Group's operating losses for the year ended 31 March 2009 and for the first three months ended 30 June 2009, the Directors consider that it would be difficult to obtain additional borrowings with favourable terms. For the equity financing, rights issue, open offer and placement of new Shares are the possible methods to raise funds in the market. By placing of new Shares, the existing Shareholders will be unable to participate in the enlargement of the capital base of the Company and at the same time allow them to maintain their proportionate interests in the Company and would result in dilution of shareholding of the existing Shareholders. Although both open offer and rights issue allow the Shareholders to maintain their respective pro-rata shareholdings in the Company, the Directors considered that rights issue may incur higher cost and take a longer time to complete as compared to open offer. The trading of nil-paid rights is one of the features of rights issue. But unlike the Open Offer, a rights issue may not be implemented in a timely manner and is less cost effective given that there will be trading in nil-paid rights during the offer period. In addition, administrative costs and time can be saved as Open Offer requires no transferable nil-paid rights arrangement. In light of the above, we are of the view that fund raising by way of the Open Offer is in the interests of the Company and the Shareholders as a whole.

Risks associated with the Open Offer

As stated in the "Letter from the Board", Shareholders should note that the Open Offer is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed "Termination of the Underwriting Agreement" in the "Letter from the Board"). As such, the Open Offer may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Potential dilution effect of the Open Offer on shareholding interests

As all Qualifying Shareholders are entitled to subscribe for the Offer Shares, the Qualifying Shareholders will be able to maintain their proportional interests in the Company if they take up their assured allotments under the Open Offer in full.

As mentioned above, there will not be any trading in nil-paid entitlements on the Stock Exchange. The Independent Shareholders who do not accept the Open Offer will not be able to sell their nil-paid entitlements in the open market. For those Qualifying Shareholders who do not exercise their rights to subscribe for the Offer Shares in full under the Open Offer, depending on the extent to which they take up their entitlements, the shareholding interests of the other public Shareholders in the Company will be diluted by up to a maximum of 50% upon completion of the Open Offer.

In all cases of rights issues and open offers, the dilution on the shareholding of those Qualifying Shareholders who do not take up in full their assured entitlements under the Open Offer is inevitable. Based on the above, taking into account (i) the inherent dilutive nature of open offer in general and (ii) the Open Offer enables the Qualifying Shareholders to maintain their proportionate interests in the Company should they wish to take up the Offer Shares at a lower price as compared to the historical and prevailing market price of the Shares, we are of the view that such potential dilution of the Open Offer on the shareholding of the Independent Shareholders is acceptable.

Financial impacts of the Open Offer

(A) Net asset value

The statement of the unaudited pro forma adjusted consolidated net tangible assets of the Group (the "Statement") based on the unaudited adjusted consolidated net tangible assets of the Group as at 31 March 2009 adjusted for the effect of the Open Offer on the net tangible assets of the Group is set out in Appendix II to the Circular.

The unaudited adjusted consolidated net tangible assets of the Group as at 31 March 2009 were approximately HK$14.09 million. Based on 899,465,189 Shares in issue as at the Latest Practicable Date and immediately before completion of the Open Offer, the net tangible assets of the Group per Share was approximately HK$0.016. According to the Statement, the unaudited pro forma adjusted consolidated net tangible assets of the Group per Share would increase by approximately 156.25% from approximately HK$0.016 per Share to approximately HK$0.041 per Share (based on 1,992,848,096 Shares in issue and the unaudited adjusted pro forma consolidated net tangible assets of the Group of approximately HK$82.29 million as at 31 March 2009) immediately following the completion of the Open Offer and assuming that the Bonus Warrants and the Vested Share Options (other than those held by Dr. Yu) are exercised in full on or before the Record Date.

(B) Gearing Ratio

According to the 2009 Annual Report, the Group had total borrowings of approximately HK$4.48 million and the gearing ratio of the Group (calculated on the basis of the total borrowings to total equity of the Group) was approximately 0.08 times as at 31 March 2009. Upon completion of the Open Offer, the gearing ratio of the Group will be improved to approximately 0.04 times as a result of the increase in the working capital of approximately HK$61.5 million from the net proceeds of the Open Offer (assuming no adjustment has been made to reflect the First Open Offer which was announced by the Company on 5 May 2009 and completed in around August 2009).

(C) Liquidity

As at 31 March 2009, the cash and cash equivalents of the Group amounted to approximately HK$7.44 million. The net proceeds of the Open Offer are expected to enhance its current assets value by the estimated net proceeds from the Open Offer of approximately HK$61.5 million. Hence, the financial capabilities of the Company to expand the two core business lines and investment in new business will be enhanced accordingly.

Based on the foregoing, taking into consideration that the Open Offer can (i) enhance on the unaudited pro forma adjusted consolidated net tangible assets and net tangible assets per Share; (ii) reduce the gearing level of the Group and (iii) improve the liquidity position of the Group, we are of the opinion that the Open Offer is in the interests of the Company and the Independent Shareholders as a whole.

Whitewash Waiver

Opulent is wholly-owned by Dr. Yu, and is the controlling shareholder of the Company holding an aggregate of 275,006,184 Shares, representing approximately 30.57% of the total number of Shares in issue as at the Latest Practicable Date. Opulent is also beneficially interested in the Bonus Warrants entitling it to subscribe for an aggregate of 27,500,618 Shares. In addition, Dr. Yu is entitled to Vested Share Options to subscribe for an aggregate of 13,299,484 Shares.

As set out in the paragraph headed "Underwriting Arrangement and Undertakings" in the "Letter from the Board", Opulent has irrevocably undertaken to the Company to subscribe in full for its assured allotments of the Offer Shares (including such number of Offer Shares in respect of any Shares which may be issued to it as a result of the exercise of the Bonus Warrants held by it from the date of the Underwriting Agreement up to and including the Record Date) under the Open Offer, and those Offer Shares not having been subscribed for by the Qualifying Shareholders. Dr. Yu has also irrevocably undertaken to the Underwriter and the Company, among other things, that he will not exercise his Vested Share Options to subscribe for an aggregate of 13,299,484 Shares from the date of the Irrevocable Undertakings up to and including the Record Date. In the event that none of the Qualifying Shareholders (other than Opulent) takes up any Offer Shares upon completion of the Open Offer, the Underwriter will be required to take up all the Offer Shares that are not subscribed for under the Open Offer. Accordingly, the total number of Shares as held by the Concert Party Group will be increased from 275,006,184 Shares (representing approximately 30.57% of the total number of Shares in issue of the Company as at the Latest Practicable Date) to:

(i) 1,174,471,373 Shares (representing approximately 65.29% of the total number of Shares in issue as enlarged by the Open Offer), assuming that none of the Vested Share Options and the Bonus Warrants is exercised on or before the Record Date;

(ii) 1,181,934,921 Shares (representing approximately 65.16% of the total number of Shares in issue as enlarged by the Open Offer), assuming that the Vested Share Options (other than those held by Dr. Yu) are exercised in full by the Optionholders on or before the Record Date but none of the Bonus Warrants is exercised on or before the Record Date;

(iii) 1,291,467,302 Shares (representing approximately 65.29% of the total number of Shares in issue as enlarged by the Open Offer), assuming that none of the Vested Share Options is exercised by the Optionholders on or before the Record Date but the Bonus Warrants are exercised in full on or before the Record Date; and

(iv) 1,298,930,850 Shares (representing approximately 65.18% of the total number of Shares in issue as enlarged by the Open Offer), assuming that the Vested Share Options (other than those held by Dr. Yu) and the Bonus Warrants are exercised in full on or before the Record Date.

Accordingly, the taking up of the Underwritten Shares by the Underwriter and the exercise of the subscription rights attaching to the Bonus Warrants by the Underwriter will trigger an obligation on the part of the Underwriter to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares not already owned by or agreed to be acquired by the Concert Party Group. An application has been made by the Underwriter to the Executive for the Whitewash Waiver in connection with the underwriting of the Open Offer by the Underwriter in above circumstances pursuant to note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code.

As stated in the "Letter from the Board", the Open Offer is conditional upon, among others, the Executive granting the Whitewash Waiver and the passing of the relevant resolutions by the Independent Shareholders at the EGM. The approval of the Whitewash Waiver by the Independent Shareholders is one of the pre-requisites for the Open Offer to proceed.

Based on our analysis of the terms of the Open Offer and the financial performance of the Group as discussed above, and the fact that all Qualifying Shareholders are entitled to subscribe for the Offer Shares such that the Qualifying Shareholders will be able to maintain their proportional interests in the Company and their respective interests will not be diluted if they take up their assured allotments under the Open Offer in full, we consider that the approval of the Whitewash Waiver is in the interests of the Company and the Shareholders as a whole and is fair and reasonable for the purpose of proceeding with the Open Offer as it can provide more funding for its business expansion, enhance the financial position of the Group and strengthen the capital base of the Company.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the Open Offer, the terms of the Underwriting Agreement and the transaction(s) contemplated thereunder and the absence of excess application for Offer Shares are fair and reasonable so far as the Independent Shareholders are concerned and the Open Offer and the entering into of the Underwriting Agreement are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution(s) to be proposed at the upcoming EGM to approve the Open Offer, the Underwriting Agreement and the transaction(s) contemplated thereunder and the absence of arrangements for excess application for Offer Shares.

Further, taking into consideration the reasons for the Open Offer and that the Open Offer is conditional upon the grant of the Whitewash Waiver, we therefore recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolution(s) in relation to the Whitewash Waiver at the EGM.

Yours faithfully,
For and on behalf of
Bridge Partners Capital Limited
Monica Lin
Managing Director

1. FINANCIAL SUMMARY AND AUDITORS' REPORTS

A summary of the published results, assets and liabilities of the Group for the three years ended 31 March 2007, 2008 and 2009 as extracted from the respective annual reports of the Company is set out below. No qualified opinion has been expressed by the auditors of the Company on the audited financial statements for each of the years ended 31 March 2007, 2008 and 2009.

	For the year ended 31 March		
	2009	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	33,088	35,829	32,127
Cost of sales	(10,140)	(10,031)	(11,669)
Gross profit	22,948	25,798	20,458
Other income and gains	37,443	33,284	2,859
Development costs	(6,375)	(5,058)	—
Selling and marketing expenses	(4,493)	(6,143)	(380)
General and administrative expenses	(45,118)	(38,395)	(24,939)
Other operating expenses	(66,722)	(5,231)	(330)
Finance costs	(332)	(817)	(257)
Share of loss of associates	(5)	(153)	—
(Loss)/Profit before income tax	(62,654)	3,285	(2,589)
Income tax expense	(88)	—	—
(Loss)/Profit for the year	(62,742)	3,285	(2,589)
Attributable to:			
Equity holders of the Company	(62,309)	5,519	(2,589)
Minority interests	(433)	(2,234)	—
	(62,742)	3,285	(2,589)
(Loss)/Earnings per share for (loss)/profit attributable to the equity holders of the Company during the year			
— Basic *(in HK cent)*	(10.40)	0.98	(0.50)
— Diluted *(in HK cent)*	(10.40)	0.91	(0.50)

There were no extraordinary or exceptional items for the three years ended 31 March 2007, 2008 and 2009.

Information regarding rates of dividend paid or proposed on each class of shares and amounts absorbed thereby has not been disclosed as no dividends were paid or proposed in respect of the three years ended 31 March 2007, 2008 and 2009.

	As at 31 March		
	2009	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Leasehold land and land use rights	—	—	2,444
Property, plant and equipment	12,168	10,374	15,217
Investment properties	14,000	17,155	—
Property under development	—	8,524	—
Intangible assets	27,006	70,339	—
Investments in associates	—	80	—
Available-for-sale financial assets	580	1,098	2,165
	53,754	107,570	19,826
Current assets			
Financial assets at fair value through profit or loss	—	3,056	22
Accounts receivable	1,661	3,888	2,313
Prepayments, deposits and other receivables	4,751	7,000	4,206
Cash and cash equivalents	7,444	7,556	37,036
	13,856	21,500	43,577
Total assets	67,610	129,070	63,403
Current liabilities			
Accounts payable	2,033	1,955	1,987
Accruals and other payables	3,540	5,196	1,473
Deferred income	4,471	4,534	1,055
Financial liabilities at fair value through profit or loss	—	—	18
Finance lease payables — due within one year	533	—	—
Bank borrowings — due within one year	234	174	172
	10,811	11,859	4,705
Net current assets	3,045	9,641	38,872

	As at 31 March		
	2009	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Total assets less current liabilities	56,799	117,211	58,698
Non-current liabilities			
Finance lease payables — due after one year	711	—	—
Bank borrowings — due after one year	2,998	3,278	3,461
	3,709	3,278	3,461
Net assets	53,090	113,933	55,237
Capital and reserves			
Share capital	5,993	5,978	5,279
Reserves	35,099	95,630	49,863
Equity attributable to equity holders of the Company	41,092	101,608	55,142
Minority interests	11,998	12,325	95
Total equity	53,090	113,933	55,237

2. AUDITED FINANCIAL STATEMENTS

Set out below are the audited financial statements together with the relevant notes thereto as extracted from the annual report of the Company for the year ended 31 March 2009.

Consolidated Income Statement
For the year ended 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
Revenue	5	33,088	35,829
Cost of sales		(10,140)	(10,031)
Gross profit		22,948	25,798
Other income and gains	6	37,443	33,284
Development costs		(6,375)	(5,058)
Selling and marketing expenses		(4,493)	(6,143)
General and administrative expenses		(45,118)	(38,395)
Other operating expenses	8	(66,722)	(5,231)
Finance costs	9	(332)	(817)
Share of loss of associates	22	(5)	(153)
(Loss)/Profit before income tax	10	(62,654)	3,285
Income tax expense	11	(88)	—
(Loss)/Profit for the year		(62,742)	3,285
Attributable to:			
Equity holders of the Company	12	(62,309)	5,519
Minority interests		(433)	(2,234)
		(62,742)	3,285
(Loss)/Earnings per share for (loss)/profit attributable to the equity holders of the Company during the year	13		
— Basic *(in HK cent)*		(10.40)	0.98
— Diluted *(in HK cent)*		(10.40)	0.91

Consolidated Balance Sheet
As at 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment	17	12,168	10,374
Investment properties	18	14,000	17,155
Property under development	19	—	8,524
Intangible assets	20	27,006	70,339
Investments in associates	22	—	80
Available-for-sale financial assets	23	580	1,098
		53,754	107,570
Current assets			
Financial assets at fair value through profit or loss	24	—	3,056
Accounts receivable	25	1,661	3,888
Prepayments, deposits and other receivables		4,751	7,000
Cash and cash equivalents	26	7,444	7,556
		13,856	21,500
Total assets		67,610	129,070
Current liabilities			
Accounts payable	27	2,033	1,955
Accruals and other payables		3,540	5,196
Deferred income		4,471	4,534
Finance lease payables — due within one year	28	533	—
Bank borrowings — due within one year	29	234	174
		10,811	11,859
Net current assets		3,045	9,641
Total assets less current liabilities		56,799	117,211

	Note	2009 HK$'000	2008 HK$'000
Non-current liabilities			
Finance lease payables — due after one year	28	711	—
Bank borrowings — due after one year	29	2,998	3,278
		3,709	3,278
Net assets		53,090	113,933
Capital and reserves			
Share capital	30	5,993	5,978
Reserves	32	35,099	95,630
Equity attributable to equity holders of the Company		41,092	101,608
Minority interests		11,998	12,325
Total equity		53,090	113,933

Balance Sheet
As at 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment	17	230	—
Investment properties	18	14,000	17,155
Investments in subsidiaries	21	40,056	97,531
Available-for-sale financial assets	23	580	1,098
		54,866	115,784
Current assets			
Amounts due from subsidiaries	21	6,568	10,519
Prepayments, deposits and other receivables		165	216
Cash and cash equivalents	26	96	818
		6,829	11,553
Total assets		61,695	127,337
Current liabilities			
Accruals and other payables		660	753
Amounts due to subsidiaries	21	5,852	10,414
Bank borrowings — due within one year	29	234	174
		6,746	11,341
Net current assets		83	212
Total assets less current liabilities		54,949	115,996
Non-current liabilities			
Bank borrowings — due after one year	29	2,998	3,278
Net assets		51,951	112,718
Capital and reserves			
Share capital	30	5,993	5,978
Reserves	32	45,958	106,740
Total equity		51,951	112,718

Consolidated Statement of Changes in Equity

For the year ended 31 March 2009

		Reserves									
	Share capital	Share premium	Merger reserve	Employee compensation reserve	Translation reserve	Property revaluation reserve	Investment revaluation reserve	Accumulated losses	Total reserves	Minority 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*
Balance at 1 April 2007	5,279	98,286	4,870	4,390	141	6,747	500	(65,071)	49,863	95	55,237
Fair value gains/(losses):											
— Buildings *(Note 17)*	—	—	—	—	—	3,242	—	—	3,242	—	3,242
— Available-for-sale financial assets *(Note 23)*	—	—	—	—	—	—	(1,067)	—	(1,067)	—	(1,067)
Currency translation differences	—	—	—	—	1,702	—	—	—	1,702	135	1,837
Net income and expense recognized directly in equity	—	—	—	—	1,702	3,242	(1,067)	—	3,877	135	4,012
Profit/(Loss) for the year	—	—	—	—	—	—	—	5,519	5,519	(2,234)	3,285
Total recognized income and expense for the year	—	—	—	—	1,702	3,242	(1,067)	5,519	9,396	(2,099)	7,297
Issue of shares upon exercise of share options *(Note 30)*	238	3,509	—	—	—	—	—	—	3,509	—	3,747
Issue of shares *(Note 30)*	461	30,874	—	—	—	—	—	—	30,874	—	31,335
Share issue costs	—	(359)	—	—	—	—	—	—	(359)	—	(359)
Employee share-based compensation *(Note 14)*	—	—	—	2,347	—	—	—	—	2,347	—	2,347
Exercise of share options *(Note 31)*	—	1,859	—	(1,859)	—	—	—	—	—	—	—
Vested share options lapsed	—	—	—	(203)	—	—	—	203	—	—	—
Disposal of interests in subsidiaries	—	—	—	—	—	—	—	—	—	14,329	14,329
Balance at 31 March 2008 and 1 April 2008	5,978	134,169	4,870	4,675	1,843	9,989	(567)	(59,349)	95,630	12,325	113,933
Fair value losses:											
— Available-for-sale financial assets *(Note 23)*	—	—	—	—	—	—	(497)	—	(497)	—	(497)
Currency translation differences	—	—	—	—	796	—	—	—	796	240	1,036
Net income and expense recognized directly in equity	—	—	—	—	796	—	(497)	—	299	240	539
Transfer to profit or loss on disposal of available-for-sale financial assets	—	—	—	—	—	—	145	—	145	—	145
Loss for the year	—	—	—	—	—	—	—	(62,309)	(62,309)	(433)	(62,742)
Total recognized income and expense for the year	—	—	—	—	796	—	(352)	(62,309)	(61,865)	(193)	(62,058)
Issue of shares upon exercise of share options *(Note 30)*	15	213	—	—	—	—	—	—	213	—	228
Employee share-based compensation *(Note 14)*	—	—	—	1,366	—	—	—	—	1,366	—	1,366
Exercise of share options *(Note 31)*	—	54	—	(54)	—	—	—	—	—	—	—
Vested share options lapsed/cancelled	—	—	—	(4,239)	—	—	—	4,239	—	—	—
Disposal of interest in a subsidiary	—	—	—	—	(245)	—	—	—	(245)	(134)	(379)
Balance at 31 March 2009	5,993	134,436	4,870	1,748	2,394	9,989	(919)	(117,419)	35,099	11,998	53,090

The merger reserve represents the difference between the share capital and share premium of the Company and the nominal value of shares of a subsidiary acquired pursuant to the reorganization in connection with the preparation for the initial listing of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
Cash flows from operating activities			
(Loss)/Profit before income tax		(62,654)	3,285
Adjustments for:			
— Depreciation of property, plant and equipment		3,890	2,829
— Amortization of leasehold land and land use rights		—	55
— Amortization of intangible assets		22	33
— Goodwill impairment charge		43,203	3,600
— Impairment loss on amount due from a former subsidiary		20,193	—
— Share of loss of associates		5	153
— Gain on disposal of interests in subsidiaries		(34,212)	(26,970)
— Recycling of loss from equity on disposal of available-for-sale financial assets		145	—
— (Gain)/Loss on disposal of property, plant and equipment		(158)	255
— Fair value loss/(gain) on investment properties		3,155	(1,943)
— Interest income		(24)	(635)
— Finance costs		332	817
— Equity-settled share-based payments		1,366	2,347
Changes in working capital:			
— Financial assets at fair value through profit or loss		3,056	(3,034)
— Accounts receivable		2,227	(1,575)
— Prepayments, deposits and other receivables		2,198	(427)
— Financial liabilities at fair value through profit or loss		—	(18)
— Accounts payable		434	(1,394)
— Accruals and other payables		6	(7,145)
— Deferred income		(7)	3,479
Cash used in operations		(16,823)	(26,288)
Interest paid		(275)	(817)
Income tax paid		(88)	—
Net cash used in operating activities		(17,186)	(27,105)

	Note	2009 *HK$'000*	2008 *HK$'000*
Cash flows from investing activities			
Acquisition of subsidiaries		—	(63,680)
Purchase of property, plant and equipment	17	(7,100)	(4,978)
Purchase of intangible assets	20	(2)	(5)
Proceeds from disposal of property, plant and equipment		3,291	835
Proceeds from disposal of available-for-sale financial assets		96	—
Disposal of interests in subsidiaries	34	20,745	41,119
Interest received		24	635
Net cash generated from/(used in) investing activities		17,054	(26,074)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	30	228	35,082
Share issue costs		—	(359)
Interest element of finance lease rental payments		(57)	—
Capital element of finance lease rental payments		(356)	—
Proceeds from borrowings		4,500	—
Repayment of borrowings		(4,720)	(11,975)
Net cash (used in)/generated from financing activities		(405)	22,748
Net decrease in cash and cash equivalents		(537)	(30,431)
Cash and cash equivalents at beginning of the year		7,556	37,036
Effect of foreign exchange rate changes, net		425	951
Cash and cash equivalents at end of the year	26	7,444	7,556

Notes to the Consolidated Financial Statements

For the year ended 31 March 2009

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 clients and retail investors in Greater China and (ii) the development and operations of online games in Mainland China. The principal activity of the Company is investment holding. The principal activities and other particulars of its subsidiaries are set out in Note 21.

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands. The Company's registered office is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's principal place of business is situated at Suite 505–506, 5/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.

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.

These 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 30 June 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and buildings, available-for-sale financial assets, and financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

In the current year, the Group has applied the following amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) — Int 12	Service Concession Arrangements
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The application of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible Hedged Items[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combination[4]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC) — Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[5]
HK(IFRIC) — Int 13	Customer Loyalty Programmes[6]
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation[7]
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners[4]
HK(IFRIC) — Int 18	Transfers of Assets from Customers[8]

1 Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2009
4 Effective for annual periods beginning on or after 1 July 2009
5 Effective for annual periods ending on or after 30 June 2009
6 Effective for annual periods beginning on or after 1 July 2008
7 Effective for annual periods beginning on or after 1 October 2008
8 Effective for transfers of assets from customers received on or after 1 July 2009

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 March.

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated income statement.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the consolidated income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Segment reporting

A business segment is a Group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the security, and other changes in the carrying amount of the security. Translation differences related to changes in the amortized cost are recognized in profit or loss, and other changes in the carrying amount are recognized in equity.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in equity.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each consolidated income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Property, plant and equipment

Buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged in the consolidated income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of buildings are credited to the property revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are charged to the consolidated income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the consolidated income statement and depreciation based on the asset's original cost is transferred from "other reserves" to "accumulated losses".

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings	Over the remaining lease terms
Leasehold improvements	Over the term of leases
Computer equipment	20%
Office equipment	20%
Furniture and fixtures	20%
Motor vehicle	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the consolidated income statement.

2.6 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property.

Investment property comprises land held under operating leases and buildings. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. These valuations are reviewed annually by external valuers.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognized as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognized in the financial statements.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

Changes in fair values are recognized in the consolidated income statement, as part of other income and gains.

Gains or losses on disposal of an investment property are recognized in the consolidated income statement in the year of disposal.

If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment" up to the date of change in use, and any difference at the date between the carrying amount and the fair value of the property is accounted for as a revaluation. Increases in the carrying amount arising on revaluation are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are charged to the consolidated income statement.

2.7 Properties under development

Properties under development are classified as non-current assets and are stated at cost less accumulated amortization and accumulated impairment loss. Cost comprises acquisition cost relating to the leasehold interests in lands and direct development costs attributable to such properties. Interests in lands are amortized over the expected life and are included as part of cost of properties under development.

2.8 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Trademarks and licenses

Acquired trademarks and licenses are shown at historical cost. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives (3–5 years).

(c) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (5 years).

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;

- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized over their estimated useful lives.

2.9 Impairment of investments in subsidiaries, associates and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Recognition and measurement

Regular way purchases and sales of financial assets are recognized on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the consolidated income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the consolidated income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analyzed between translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in profit or loss; translation differences on non-monetary securities are recognized in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the consolidated income statement as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the consolidated income statement as part of other income. Dividends on available-for-sale equity instruments are recognized in the consolidated income statement as part of other income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets in impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated income statement — is removed from equity and recognized in the consolidated income statement. Impairment losses recognized in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2.11 Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the consolidated income statement.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and financial institutions, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheets.

2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.15 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.16 Development costs

Expenditure incurred on projects to develop new products is charged to consolidated income statement as incurred unless the Group can demonstrate the technical feasibility of completing the projects so that the asset generated will be available for use or sale, its intention to complete the projects and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. In such case, development expenditure is capitalized and deferred as intangible asset, and is amortized over its estimated useful.

2.17 Deferred income tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.18 Employee benefits

(a) Pension obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully within the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a percentage of its payroll costs to the central pension scheme. The contributions are charged to the consolidated income statement as they become payable in accordance with the rules of the central pension scheme.

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision of original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

2.19 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, on the following bases:

(a) Service income from on-line content information provision is recognized on a time-proportion basis over the service period.

(b) Income from Internet solutions is recognized when the services are rendered.

(c) Online game income is recognized when the in-game premium features are consumed or points for in-game premium features are expired.

(d) Income from advertisements on websites is recognized when the advertisements are placed.

(e) Rental income from property letting is recognized in the period in which the properties are let and on a straight-line basis over the lease terms.

(f) Commission income is recognized when the services are rendered.

(g) Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognized using the original effective interest rate.

2.21 Leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessors are accounted for as operating leases. Leases that substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as finance leases.

(a) Where the Group is the lessee (operating leases)

Payments made under operating leases (net of any incentives received from the leasing company) are expensed in the consolidated income statement on a straight-line basis over the lease periods.

(b) Where the Group is the lessor (operating leases)

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset.

Lease income is recognized over the term of the lease on a straight-line basis.

(c) Where the Group is the lessee (finance leases)

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.22 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognized but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognized as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. Contingent assets are not recognized but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognized.

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group has no significant transactional currency exposures. The Group manages the foreign exchange exposure arising from its normal course of business activities and investments in foreign operations by funding its local operations and investments through cash flows generated from business transactions locally. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(ii) Price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investment classified as available-for-sale financial assets (Note 23) as at 31 March 2009. The Group's listed investment is listed on the Osaka Securities Exchange in Japan and is valued at quoted market prices at the balance sheet date.

The following table demonstrates the sensitivity to every 5% increase/decrease in the fair values of the equity investments with all other variables held constant and before any impact on tax, based on their carrying amounts at the balance sheet date:

	Increase/ (decrease) in carrying amount of equity investments	Increase/ (decrease) in (loss)/profit before income tax	Increase/ (decrease) in equity*
	HK$'000	*HK$'000*	*HK$'000*
2009			
5% increase in equity price	29	—	29
5% decrease in equity price	(29)	—	(29)
2008			
5% increase in equity price	208	153	55
5% decrease in equity price	(208)	(153)	(55)

* Excluding retained earnings

(iii) Cash flow and fair value interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with floating interest rates.

The Group's policy to manage its interest rate risk is to reduce or maintain its current level of interest-bearing borrowings. As the Group does not expect to significantly increase its level of interest-bearing borrowings, it has not used any interest rate swaps to hedge its exposure to interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's (loss)/profit before income tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	**Increase/ (decrease) in (loss)/profit before income tax**	**Increase/ (decrease) in equity***
		HK$'000	*HK$'000*
2009			
Hong Kong dollar	50	(7)	—
Hong Kong dollar	(50)	7	—
2008			
Hong Kong dollar	50	(18)	—
Hong Kong dollar	(50)	18	—

* Excluding retained earnings

(b) Credit risk

The Group reviews the recoverability of its trade receivables periodically to ensure that potential credit risk of the counterparty is managed at an early stage and sufficient provision is made for possible defaults. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

At the balance sheet date, the Group has certain concentrations of credit risk as nil (2008: 53%) and 28% (2008: 72%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in Note 25 to the consolidated financial statements.

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors. The Group manages liquidity risk by maintaining adequate reserves and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The maturity profile of the Group's financial liabilities as at the balance sheet date, based on the contractual undiscounted payments, was as follows:

	On demand or within 1 year	More than 1 year but less than 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2009				
Accounts payable	2,033	—	—	2,033
Accruals and other payables	3,540	—	—	3,540
Finance lease payables	618	825	—	1,443
Bank borrowings	234	1,274	1,724	3,232
2008				
Accounts payable	1,955	—	—	1,955
Accruals and other payables	5,196	—	—	5,196
Bank borrowings	174	1,196	2,082	3,452

3.2 Capital risk management

One of the Group's subsidiaries is regulated by the Securities and Futures Commission of Hong Kong (the "SFC") and is required to comply with certain minimum capital requirements according to the rules of the SFC. In addition, the Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total equity, as shown in the consolidated balance sheet. The gearing ratios at 31 March 2008 and 2009 were as follows:

	2009	2008
	HK$'000	*HK$'000*
Total borrowings *(Notes 28 and 29)*	4,476	3,452
Total equity	53,090	113,933
Gearing ratio	8%	3%

3.3 Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying values less impairment provision of trade receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

3.4 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	Loans and receivables *HK$'000*	Available-for-sale financial assets *HK$'000*	Total *HK$'000*
Financial assets as per consolidated balance sheet			
31 March 2009			
Available-for-sale financial assets *(Note 23)*	—	580	580
Accounts receivable *(Note 25)*	1,661	—	1,661
Deposits and other receivables	4,327	—	4,327
Cash and cash equivalents *(Note 26)*	7,444	—	7,444
Total	13,432	580	14,012

	Loans and receivables *HK$'000*	Financial assets at fair value through profit or loss *HK$'000*	Available-for-sale financial assets *HK$'000*	Total *HK$'000*
Financial assets as per consolidated balance sheet				
31 March 2008				
Available-for-sale financial assets *(Note 23)*	—	—	1,098	1,098
Financial assets at fair value through profit or loss *(Note 24)*	—	3,056	—	3,056
Accounts receivable *(Note 25)*	3,888	—	—	3,888
Deposits and other receivables	2,668	—	—	2,668
Cash and cash equivalents *(Note 26)*	7,556	—	—	7,556
Total	14,112	3,056	1,098	18,266

	Financial liabilities at amortized cost *HK$'000*
Financial liabilities as per consolidated balance sheet	
31 March 2009	
Accounts payable *(Note 27)*	2,033
Accruals and other payables	3,540
Finance lease payables *(Note 28)*	1,244
Bank borrowings *(Note 29)*	3,232
Total	10,049

	Financial liabilities at amortized cost
	HK$'000
Financial liabilities as per consolidated balance sheet	
31 March 2008	
Accounts payable *(Note 27)*	1,955
Accruals and other payables	5,196
Bank borrowings *(Note 29)*	3,452
Total	10,603

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.8. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(b) Estimated fair values of employee share options

The fair values of employee share options granted are calculated using the binomial model based on the Group management's significant inputs into calculations, including the impact of vesting period, exit rate of employees, estimated life of share options granted based on exercise restrictions and behavioral consideration, volatility of share price and exercise price of the share options granted. Furthermore, the calculations assume nil future dividends.

(c) Estimated fair values of investment properties

The fair values of investment properties are determined annually by independent qualified valuers on open market value, existing use basis calculated on the net income allowing for reversionary potential. In making the judgment, considerations have been given to assumptions that are mainly based on market conditions existing at the balance sheet date.

5. REVENUE

Revenue, which is also the Group's turnover, represents total invoiced value of services rendered. Revenue recognized during the year is as follows:

	2009	2008
	HK$'000	*HK$'000*
Service income from provision of financial information services	29,952	33,503
Advertising income	1,306	1,483
Online game income	1,830	843
	33,088	35,829

6. OTHER INCOME AND GAINS

	2009	2008
	HK$'000	*HK$'000*
Fair value gain on investment properties	—	1,943
Gain on disposal of interests in subsidiaries *(Note 34)*	34,212	26,970
Gain on disposal of property, plant and equipment	158	—
Gross rental income from investment properties	1,063	91
Net fair value gains on financial assets at fair value through profit or loss	161	—
Commission income	—	1
Interest income from bank deposits	24	635
Sundry income	1,825	3,644
	37,443	33,284

7. SEGMENT INFORMATION

(a) Primary reporting format — business segments

At 31 March 2009, the Group is organized into two main business segments:

(i) Financial information services business — the development, production and provision of financial information services and technology solutions to corporate clients and retail investors in Greater China.

(ii) Online game business — the development and operations of online games in Mainland China.

The segment results for the year ended 31 March 2009 are as follows:

	Financial information services business	Online game business	Group
	HK$'000	*HK$'000*	*HK$'000*
Revenue	31,258	1,830	33,088
Segment results	(16,217)	(46,100)	(62,317)
Finance costs			(332)
Share of loss of an associate			(5)
Loss before income tax			(62,654)
Income tax expense			(88)
Loss for the year			(62,742)
Other segment items included in the consolidated income statement are as follows:			
Goodwill impairment charge	—	43,203	43,203
Impairment loss on amount due from a former subsidiary	—	20,193	20,193
Fair value loss on investment properties	3,155	—	3,155
Recycling of loss from equity on disposal of available-for-sale financial assets	145	—	145
Amortization of intangible assets	—	22	22
Depreciation of property, plant and equipment	2,498	1,392	3,890

The segment results for the year ended 31 March 2008 are as follows:

	Financial information services business HK$'000	Online game business HK$'000	Group HK$'000
Revenue	34,986	843	35,829
Segment results	(1,691)	5,946	4,255
Finance costs			(817)
Share of loss of associates			(153)
Profit before income tax			3,285
Income tax expense			—
Profit for the year			3,285
Other segment items included in the consolidated income statement are as follows:			
Goodwill impairment charge	—	3,600	3,600
Net fair value loss on financial assets at fair value through profit or loss	487	—	487
Amortization of leasehold land and land use rights	—	55	55
Amortization of intangible assets	—	33	33
Depreciation of property, plant and equipment	2,215	614	2,829

Segment assets consist primarily of property, plant and equipment, investment properties, property under development, intangible assets, available-for-sale financial assets, financial assets at fair value through profit or loss, accounts receivable, prepayments, deposits and other receivables, and cash and cash equivalents.

Segment liabilities comprise operating liabilities. Unallocated liabilities comprise items such as taxation and borrowings.

Capital expenditure comprises additions to property, plant and equipment (Note 17), property under development (Note 19) and intangible assets (Note 20), including additions resulting from acquisitions through business combinations.

The segment assets and liabilities at 31 March 2009 and capital expenditure for the year then ended are as follows:

	Financial information services business HK$'000	Online game business HK$'000	Unallocated HK$'000	Group HK$'000
Assets	31,511	36,099	—	67,610
Liabilities	8,338	1,706	4,476	14,520
Capital expenditure	4,052	4,650	—	8,702

The segment assets and liabilities at 31 March 2008 and capital expenditure for the year then ended are as follows:

	Financial information services business	**Online game business**	**Unallocated**	**Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets	40,725	88,265	—	128,990
Associates	—	—	80	80
Total assets	40,725	88,265	80	129,070
Liabilities	8,106	3,579	3,452	15,137
Capital expenditure	2,850	87,417	—	90,267

(b) Secondary reporting format — geographical segments

The Group mainly operates in Hong Kong and the People's Republic of China (the "PRC").

	2009	**2008**
	HK$'000	*HK$'000*
Revenue		
Hong Kong	24,076	31,530
PRC	9,012	4,299
	33,088	35,829

Revenue is allocated based on the country in which the customer is located.

	2009	**2008**
	HK$'000	*HK$'000*
Total assets		
Hong Kong	12,431	16,458
PRC	54,599	109,428
Other countries	580	3,104
	67,610	128,990
Associates	—	80
	67,610	129,070

Total assets are allocated based on where the assets are located.

	2009	2008
	HK$'000	*HK$'000*
Capital expenditure		
Hong Kong	2,243	1,934
PRC	6,459	88,333
	8,702	90,267

Capital expenditure is allocated based on where the assets are located.

8. OTHER OPERATING EXPENSES

	2009	2008
	HK$'000	*HK$'000*
Goodwill impairment charge	43,203	3,600
Impairment loss on amount due from a former subsidiary	20,193	—
Fair value loss on investment properties	3,155	—
Recycling of loss from equity on disposal of available-for-sale financial assets	145	—
Net fair value loss on financial assets at fair value through profit or loss	—	487
Others	26	1,144
	66,722	5,231

9. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Interest expense on bank borrowings:		
— wholly repayable within five years	—	591
— not wholly repayable within five years	139	226
Interest expense on other borrowings:		
— wholly repayable within five years	136	—
Interest on a finance lease	57	—
	332	817

10. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/Profit before income tax is arrived at after charging/(crediting):

	2009	2008
	HK\$'000	*HK\$'000*
Operating lease payments in respect of rented premises	5,760	2,141
Amortization of leasehold land and land use rights	—	55
Amortization of intangible assets (included in general and administrative expenses)	22	33
Depreciation of property, plant and equipment	3,890	2,829
Development costs *(Note)*	6,375	5,058
Loss on disposal of property, plant and equipment	—	255
Auditors' remuneration — current year provision	320	320
— under-provision in prior year	160	—
Net foreign exchange losses/(gains)	244	(418)

Note: Development costs mainly comprise depreciation of property, plant and equipment of approximately HK\$181,000 (2008: HK\$122,000) and employee benefit expenses of approximately HK\$5,504,000 (2008: HK\$4,318,000), which are also included in the total amounts disclosed separately above and in Note 14 for each of these types of expenses.

11. INCOME TAX

Hong Kong profits tax is calculated at the rate of 16.5% (2008: 17.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year. No provision for Hong Kong profits tax has been made in the financial statements as the Group had no assessable profit arising in or derived from Hong Kong for the year (2008: Nil). Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2009	2008
	HK\$'000	*HK\$'000*
Current tax:		
— Hong Kong profits tax	—	—
— Overseas taxation — PRC	62	—
Adjustments in respect of prior years	26	—
Income tax expense	88	—

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate of 16.5% (2008: 17.5%) as follows:

	2009	2008
	HK$'000	*HK$'000*
(Loss)/Profit before income tax	(62,654)	3,285
Tax calculated at Hong Kong profits tax rate	(10,338)	575
Effect of different tax rates of other jurisdictions	(3,285)	(2,732)
Income not subject to tax	(3,428)	(4,200)
Expenses not deductible for tax purposes	14,709	5,195
Tax effect of temporary differences not recognized	(53)	16
Utilization of previously unrecognized tax losses	—	(2)
Tax losses for which no deferred income tax asset was recognized	2,457	1,148
Adjustment in respect of prior years	26	—
Income tax expense	88	—

No deferred tax liabilities are recognized in the financial statements as the Group and the Company did not have material temporary difference arising between the tax bases of assets and liabilities and their carrying amounts at 31 March 2009 (2008: Nil). The Group's deferred tax assets and liabilities not recognized in the financial statements are as follows:

	2009	2008
	HK$'000	*HK$'000*
Tax losses	14,362	13,794
Accelerated depreciation allowance	(416)	(943)
Revaluation of properties	(3,525)	(5,144)
	10,421	7,707

Deferred tax assets are recognized for tax losses carried forward to the extent that realization of the related tax benefit through future taxable profit is probable. No deferred tax assets are recognized in the Group's financial statements as it is uncertain as to whether these tax benefits will be utilized in the foreseeable future. The tax losses arising from subsidiaries operating in Hong Kong are subject to approval by the Inland Revenue Department of Hong Kong.

12. (LOSS)/PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

The loss attributable to the equity holders of the Company is dealt with in the financial statements of the Company to the extent of approximately HK$62,009,000 (2008: Profit of HK$23,646,000).

13. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the loss attributable to equity holders of the Company for the year ended 31 March 2009 of HK$62,309,000 (2008: Profit of HK$5,519,000) by the weighted average number of 599,347,315 (2008: 562,948,142) ordinary shares in issue during the year.

(b) Diluted

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's share) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2009	**2008**
(Loss)/Profit attributable to equity holders of the Company *(in thousands of HK dollars)*	(62,309)	5,519
Weighted average number of ordinary shares in issue *(thousands)*	599,347	562,948
Adjustments for share options *(thousands)*	—	40,708
Weighted average number of ordinary shares for diluted (loss)/earnings per share *(thousands)*	599,347	603,656
Diluted (loss)/earnings per share *(HK cent per share)*	(10.40)	0.91

The computation of diluted loss per share for the year ended 31 March 2009 did not assume the exercise of the Company's share options outstanding during the year ended 31 March 2009 since their exercise would result in a decrease in loss per share.

14. EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses (including directors' remuneration) during the year are as follows:

	2009 *HK$'000*	**2008** *HK$'000*
Wages and salaries	27,169	22,917
Equity-settled share-based payments	1,366	2,347
Pension costs — defined contribution plans	304	355
Others	415	382
	29,254	26,001

15. DIRECTORS' REMUNERATION

The remuneration of every director of the Company for the years ended 31 March 2008 and 2009 is set out below:

	Fees	Salaries and allowances	Contributions to pension schemes	Share-based payments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2009					
Executive director					
Yu Gang, George	—	1,070	12	426	1,508
Non-executive director					
Kwan Pun Fong, Vincent (Resigned on 10 June 2008)	11	—	—	—	11
Independent non-executive directors					
Lam Lee G.	60	—	—	85	145
Wu Tak Lung	60	—	—	85	145
William Hay	60	—	—	60	120
	191	1,070	12	656	1,929

	Fees	Salaries and allowances	Contributions to pension schemes	Share-based payments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2008					
Executive director					
Yu Gang, George	—	978	12	757	1,747
Non-executive directors					
Kwan Pun Fong, Vincent	60	—	—	103	163
Brendan McMahon (Retired from office on 27 July 2007)	20	—	—	32	52
Independent non-executive directors					
Lam Lee G.	60	—	—	103	163
Wu Tak Lung	60	—	—	103	163
William Hay	60	—	—	107	167
	260	978	12	1,205	2,455

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2008: Nil). None of the directors waived or agreed to waive any remuneration during the year (2008: Nil).

The directors consider that they are the only key management personnel of the Group and details of their compensation have been set out above.

16. FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year included one (2008: one) director whose emoluments have been reflected in the analysis presented above. The emoluments payable to the remaining four (2008: four) individuals during the year are as follows:

	2009	**2008**
	HK$'000	*HK$'000*
Basic salaries and allowances	1,970	1,985
Share-based payments	295	659
Discretionary bonus	174	—
Contributions to pension schemes	48	43
	2,487	2,687

The emoluments fell within the following bands:

	2009	**2008**
	Number of individuals	*Number of individuals*
Emolument band		
Nil to HK$1,000,000	4	4

During the year, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2008: Nil).

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings	Leasehold improvements	Computer equipment	Furniture and fixtures	Office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2007							
Cost	—	795	10,788	381	218	200	12,382
Valuation	9,792	—	—	—	—	—	9,792
	9,792	795	10,788	381	218	200	22,174
Accumulated depreciation	—	(459)	(6,234)	(123)	(74)	(67)	(6,957)
Net book amount	9,792	336	4,554	258	144	133	15,217
Year ended 31 March 2008							
Opening net book amount	9,792	336	4,554	258	144	133	15,217
Acquisition of subsidiaries	—	—	3,044	—	172	123	3,339
Additions	—	—	3,197	13	96	1,672	4,978
Depreciation	(211)	(280)	(1,935)	(78)	(92)	(233)	(2,829)
Disposals	—	—	—	—	—	(1,091)	(1,091)
Revaluation	3,242	—	—	—	—	—	3,242
Transfer to investment properties *(Note 18)*	(12,823)	—	—	—	—	—	(12,823)
Exchange differences	—	—	305	—	14	22	341
Closing net book amount	—	56	9,165	193	334	626	10,374
At 31 March 2008							
Cost	—	795	18,566	395	583	888	21,227
Accumulated depreciation	—	(739)	(9,401)	(202)	(249)	(262)	(10,853)
Net book amount	—	56	9,165	193	334	626	10,374
Year ended 31 March 2009							
Opening net book amount	—	56	9,165	193	334	626	10,374
Additions	—	—	6,825	—	1,762	113	8,700
Depreciation	—	(56)	(3,275)	(79)	(193)	(287)	(3,890)
Disposals	—	—	(2,710)	—	(193)	(230)	(3,133)
Exchange differences	—	—	103	—	6	8	117
Closing net book amount	—	—	10,108	114	1,716	230	12,168
At 31 March 2009							
Cost	—	795	20,964	395	2,029	265	24,448
Accumulated depreciation	—	(795)	(10,856)	(281)	(313)	(35)	(12,280)
Net book amount	—	—	10,108	114	1,716	230	12,168

At 31 March 2009, the carrying amount of computer equipment included an amount of approximately HK$1,360,000 (2008: Nil) in respect of assets held under finance lease.

Company

	Buildings *HK$'000*	Motor vehicle *HK$'000*	Total *HK$'000*
At 1 April 2007			
Cost	—	—	—
Valuation	9,792	—	9,792
	9,792	—	9,792
Accumulated depreciation	—	—	—
Net book amount	9,792	—	9,792
Year ended 31 March 2008			
Opening net book amount	9,792	—	9,792
Depreciation	(211)	—	(211)
Revaluation	3,242	—	3,242
Transfer to investment properties *(Note 18)*	(12,823)	—	(12,823)
Closing net book amount	—	—	—
At 31 March 2008			
Cost	—	—	—
Accumulated depreciation	—	—	—
Net book amount	—	—	—
Year ended 31 March 2009			
Opening net book amount	—	—	—
Additions	—	265	265
Depreciation	—	(35)	(35)
Closing net book amount	—	230	230
At 31 March 2009			
Cost	—	265	265
Accumulated depreciation	—	(35)	(35)
Net book amount	—	230	230

18. INVESTMENT PROPERTIES

Group and Company

	2009 *HK$'000*	2008 *HK$'000*
Beginning of the year	17,155	—
Transfer from property, plant and equipment *(Note 17)*	—	12,823
Transfer from leasehold land and land use rights	—	2,389
Fair value (losses)/gains	(3,155)	1,943
End of the year	14,000	17,155

The fair value of the investment properties at 31 March 2009 was arrived at on the basis of a valuation carried out at that date by Dynasty Premium Asset Valuation & Real Estate Consultancy Limited, an independent professional valuer, on open market value, existing use basis calculated on the net income allowing for reversionary potential.

The Group's interests in investment properties at their net book values are analyzed as follows:

	2009	2008
	HK$'000	*HK$'000*
In the PRC, held on:		
Leases of between 10 to 50 years	14,000	17,155

Bank loans (Note 29) are secured by the above investment properties with carrying amount of approximately HK$14,000,000 (2008: HK$17,155,000).

The future aggregate minimum rentals receivable under non-cancelable operating leases are as follows:

	2009	2008
	HK$'000	*HK$'000*
Not later than 1 year	1,082	1,092
Later than 1 year and no later than 5 years	—	1,047
	1,082	2,139

19. PROPERTY UNDER DEVELOPMENT

Group

	2009	2008
	HK$'000	*HK$'000*
Land in the PRC		
Beginning of the year	8,524	—
Arising on acquisition of subsidiaries	—	7,987
Amortization of interests in land	(88)	(134)
Capitalization of amortization of interests in land	88	134
Exchange differences	—	537
Disposal of a subsidiary	(8,524)	—
End of the year	—	8,524

20. INTANGIBLE ASSETS

Group

	Goodwill *HK$'000*	Trademarks, licenses and computer software *HK$'000*	Total *HK$'000*
At 1 April 2007			
Cost	—	—	—
Accumulated amortization	—	—	—
Net book amount	—	—	—
Year ended 31 March 2008			
Opening net book amount	—	—	—
Exchange differences	—	9	9
Acquisition of subsidiaries	73,803	155	73,958
Additions	—	5	5
Impairment charge	(3,600)	—	(3,600)
Amortization charge	—	(33)	(33)
Closing net book amount	70,203	136	70,339
At 31 March 2008			
Cost	73,803	172	73,975
Accumulated amortization and impairment	(3,600)	(36)	(3,636)
Net book amount	70,203	136	70,339
Year ended 31 March 2009			
Opening net book amount	70,203	136	70,339
Exchange differences	—	3	3
Additions	—	2	2
Impairment charge	(43,203)	—	(43,203)
Amortization charge	—	(22)	(22)
Disposal of interest in a subsidiary	—	(113)	(113)
Closing net book amount	27,000	6	27,006
At 31 March 2009			
Cost	73,803	8	73,811
Accumulated amortization and impairment	(46,803)	(2)	(46,805)
Net book amount	27,000	6	27,006

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to business segment.

On 18 June 2007, the Group completed the acquisition of East Treasure Limited. East Treasure Limited and its subsidiaries are principally engaged in the development and operations of online games in Mainland China. The related goodwill arising from the aforesaid acquisition amounted to approximately HK$73,803,000.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated constant growth rate of 3.5%. The growth rate does not exceed the long-term average growth rate for the online game industry in which the CGU operates. In preparing the cash flow projections, management determined budgeted revenue and expenses based on past performance and its expectations for the market development. A discount rate of 20.80% was used which was determined with reference to independent research sources, and reflects the specific risks relating to the industry and the business segment.

As a result of the above impairment test for goodwill, the Group recognized a goodwill impairment charge of approximately HK$43,203,000 which has been charged to the consolidated income statement for the year ended 31 March 2009 (2008: HK$3,600,000).

21. INVESTMENTS IN SUBSIDIARIES

Company

	2009	**2008**
	HK$'000	*HK$'000*
Unlisted investments, at cost	97,761	97,531
Provision for impairment *(Note)*	(57,705)	—
	40,056	97,531

Note: A provision for impairment against the Company's costs of investments in subsidiaries of approximately HK$57,705,000 was made at 31 March 2009 because the related recoverable amounts of the investments with reference to the net assets value of the respective subsidiaries were estimated to be less than the carrying amounts of the investments. Accordingly, the carrying amounts of the related investments were reduced to their recoverable amounts at 31 March 2009.

The following is a list of the Company's subsidiaries at 31 March 2009:

Name	**Place of incorporation and kind of legal entity**	**Principal activities and place of operations**	**Particulars of issued/registered capital**	**Interest held**
China Game & Digital Entertainment Limited	Cayman Islands, limited liability company	Investment holding	1,000,000 ordinary share of US$0.01 each	85.71% (Direct)
Finet Group (BVI) Limited	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of US$1 each	100% (Direct)
Finet Group Technology (Shenzhen) Limited	PRC, wholly foreign owned enterprise	Provision of financial information services in Mainland China	Registered capital of HK$11,000,000	100% (Direct)
深圳市財科信息技術有限公司 (transliterated as Shenzhen Cai Ke Information Technology Company Limited)	PRC, limited liability company	Provision of financial information services in Mainland China	Registered capital of RMB1,000,000	100% (Direct)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operations	Particulars of issued/registered capital	Interest held
Finet Holdings Limited	Hong Kong, limited liability company	Provision of financial information management and technology solutions, internet advertising and investment holding in Hong Kong	68,990,025 ordinary shares of HK$1 each	100% (Indirect)
Finet Introducing Broker Limited	Hong Kong, limited liability company	Provision of securities dealing referral services in Hong Kong	1,000,000 ordinary shares of HK$1 each	100% (Indirect)
Finet News Services Limited	Hong Kong, limited liability company	Provision of financial information services in Hong Kong and Mainland China and investment holdings	10,000 ordinary shares of HK$1 each	100% (Indirect)
East Treasure Limited	Republic of Seychelles, limited liability company	Investment holding	50,000 ordinary shares of US$1 each	85.71% (Indirect)
杭州笑傲數碼科技有限公司 (transliterated as Hangzhou Xiaoao Digital Technology Company Limited)	PRC, wholly foreign owned enterprise	Provision of online game products, computer network products, technology services and technology consultancy services in the PRC	Registered capital of US$5,000,000	85.71% (Indirect)
上海龍傲游數碼科技有限公司 (transliterated as Shanghai Long Ao You Digital Technology Company Limited)	PRC, limited liability company	Development and operations of online games in the PRC	Registered capital of RMB1,000,000	85.71% (Indirect)
杭州仙暢網絡科技有限公司 (transliterated as Hangzhou Xian Chang Network Technology Company Limited)	PRC, limited liability company	Development and operations of online games in the PRC	Registered capital of RMB200,000	85.71% (Indirect)

Amounts due from and due to subsidiaries

The amounts due from and due to subsidiaries as shown on the Company's balance sheet are unsecured, interest-free and repayable on demand.

22. INVESTMENTS IN ASSOCIATES

Group

	2009	2008
	HK$'000	*HK$'000*
Beginning of the year	80	—
Arising on disposal of interest in a subsidiary	—	198
Acquisition of subsidiaries	—	35
Share of loss	(5)	(153)
Disposals	(75)	—
End of the year	—	80

The following is a list of the Group's associates at 31 March 2008:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operations	Particulars of issued/registered capital	Interest held
China Capital Management Limited	Hong Kong, limited liability company	Provision of investment advisory services in Hong Kong	1,000,098 ordinary shares of HK$1 each	20%
浙江遂昌凱恩飛石嶺景區有限公司	PRC, limited liability company	Park and hotel operation in the PRC	Registered capital of RMB1,000,000	49%

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Group

	2009	2008
	HK$'000	*HK$'000*
Beginning of the year	1,098	2,165
Addition	75	—
Disposals	(96)	—
Fair value losses transfer to equity	(497)	(1,067)
End of the year	580	1,098

Company

	2009	2008
	HK$'000	*HK$'000*
Beginning of the year	1,098	2,165
Disposals	(77)	—
Fair value losses transfer to equity	(441)	(1,067)
End of the year	580	1,098

Available-for-sale financial assets include the following:

Group and Company

	2009	**2008**
	HK$'000	*HK$'000*
Equity securities listed in Japan	580	1,098
Market value of listed equity securities	580	1,098

Available-for-sale financial assets are denominated in Japanese Yen.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	2009	**2008**
	HK$'000	*HK$'000*
Equity securities listed in Hong Kong	—	1,050
Equity securities listed in the United States	—	2,006
	—	3,056
Market value of listed equity securities	—	3,056

The above financial assets are classified as held for trading.

25. ACCOUNTS RECEIVABLE

The credit terms granted by the Group to its customers range from 10 days to 90 days. At 31 March 2009, the ageing analysis of the accounts receivable was as follows:

Group

	2009	**2008**
	HK$'000	*HK$'000*
0–30 days	1,186	1,921
31–60 days	194	648
61–90 days	109	873
Over 90 days	172	446
	1,661	3,888

As of 31 March 2009, accounts receivable of approximately HK$172,000 (2008: HK$446,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these accounts receivable is as follows:

	2009	**2008**
	HK$'000	*HK$'000*
Over 90 days	172	446

The carrying amounts of the Group's accounts receivable are denominated in the following currencies:

	2009	2008
	HK$'000	*HK$'000*
HK dollars	1,419	3,467
US dollars	242	421
	1,661	3,888

The maximum exposure to credit risk at the reporting date is the carrying amount of the accounts receivable mentioned above. The Group does not hold any collateral as security.

26. CASH AND CASH EQUIVALENTS

	2009	2008
	HK$'000	*HK$'000*
Group		
Cash at banks and in hand	7,444	7,556
Company		
Cash at banks and in hand	96	818

Cash at banks earns interest at floating rates based on daily bank deposit rates. Bank balances are deposited with credit worthy banks with no recent history of default.

At the balance sheet date, the cash and bank balances of the Group denominated in RMB amounted to approximately HK$4,800,000 (2008: HK$2,425,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

27. ACCOUNTS PAYABLE

At 31 March 2009, the ageing analysis of the accounts payable was as follows:

Group

	2009	2008
	HK$'000	*HK$'000*
0–30 days	1,110	671
31–60 days	562	131
61–90 days	101	—
Over 90 days	260	1,153
	2,033	1,955

28. FINANCE LEASE PAYABLES

The Group leased certain of its computer equipment under a finance lease agreement. The finance lease is repayable by instalments of 36 months and has a remaining lease term of 28 months as at 31 March 2009.

At 31 March 2009, the total future minimum lease payments under the finance lease and their present values were as follows:

Group

	Minimum lease payments		Present value of minimum lease payments	
	2009	**2008**	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts payable:				
Within one year	618	—	533	—
In the second year	618	—	533	—
In the third to fifth years, inclusive	207	—	178	—
Total minimum finance lease payments	1,443	—	1,244	—
Future finance charges	(199)	—	—	—
Total net finance lease payables	1,244	—	1,244	—
Portion classified as current liabilities	(533)	—		
Non-current portion	711	—		

The Group's finance lease arrangement bears interest at a fixed rate and its carrying amount approximates to its fair value.

The carrying amount of the finance lease payables are denominated in Hong Kong dollars.

29. BANK BORROWINGS

Group and Company

	2009	**2008**
	HK$'000	*HK$'000*
Secured bank loans — floating rates	3,232	3,452

At 31 March 2009, the bank loans are repayable as follows:

Within 1 year	234	174
Between 1 and 2 years	300	280
Between 2 and 5 years	974	916
Over 5 years	1,724	2,082
	3,232	3,452
Less: Amount due within one year shown under current liabilities	(234)	(174)
Amount due after one year shown under non-current liabilities	2,998	3,278

The bank loans were secured by the investment properties of the Group (Note 18).

The effective interest rates (which are also equal to contracted interest rates) on the Group's floating rate bank loans are the PRC bank's prime lending rates minus 1.25% 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.

30. SHARE CAPITAL

	2009		2008	
Ordinary shares of HK$0.01 each	*Number of shares*	*Amount (HK$'000)*	*Number of shares*	*Amount (HK$'000)*
Authorized:				
At beginning and end of the year	1,000,000,000	10,000	1,000,000,000	10,000
Issued and fully paid:				
At beginning of the year	597,850,000	5,978	527,955,000	5,279
Issue of shares upon exercise of share options *(Note (a))*	1,520,000	15	23,815,000	238
Issue of shares *(Note (b))*	—	—	46,080,000	461
At end of the year	599,370,000	5,993	597,850,000	5,978

Notes:

(a) Share options were exercised by option-holders during the year ended 31 March 2009 to subscribe for a total of 1,520,000 (2008: 23,815,000) shares in the Company by payment of subscription monies of approximately HK$228,000 (2008: HK$3,747,000), of which approximately HK$15,000 (2008: HK$238,000) was credited to share capital and the balance of approximately HK$213,000 (2008: HK$3,509,000) was credited to the share premium account.

(b) Pursuant to the subscription agreement dated 20 September 2007, the Company issued and allotted a total of 46,080,000 new shares (the "Subscription Shares") at a subscription price of HK$0.68 per Subscription Share to the subscribers on 8 October 2007 (the "Subscription") following the completion of a placing agreement for the placing of 46,080,000 existing shares (the "Placing"). The Company raised a net sum of approximately HK$31 million through the Placing and the Subscription and the funds were used as general working capital for media network and future acquisition of the Group. The Subscription Shares were issued pursuant to the general mandate to allot, issue and deal with shares granted to the directors of the Company by resolution of the shareholders passed at the annual general meeting of the Company held on 27 July 2007.

31. SHARE-BASED EMPLOYEE COMPENSATION

Pre-IPO Share Option Scheme

The Company adopted a share option scheme ("Pre-IPO Share Option Scheme") on 23 July 2004 for the purpose of providing incentives and recognizing the contributions which the eligible participants have made to the Group.

The Pre-IPO Share Option Scheme terminated on 6 January 2005 being the date immediately preceding the date on which the shares of the Company were listed on GEM. The maximum number of shares issuable under this scheme is limited to 74,076,000 shares. The grant of share options is effective upon receipt of the acceptance of the offer in writing duly signed by the eligible participant together with a payment of a nominal consideration of HK$1 in total.

The provisions of this scheme relating to matters set out in Rule 23.03 of the GEM Listing Rules shall not be altered to the advantage of any grantees or prospective grantees except with the prior sanction of an ordinary resolution of the Company in general meeting. Any alterations to the terms and conditions of this scheme which are of a material nature or any change to the terms of the share options granted prior to such alteration, except where the alterations take effect automatically under the existing terms of this scheme and any change in the authority of the board of directors in relation to any alteration to the terms of this scheme shall be approved by the shareholders of the Company in a general meeting.

The following table discloses movements of the share options granted under the Pre-IPO Share Option Scheme during the year ended 31 March 2008:

Grantee	Date of grant	Exercise price	Exercise period	Outstanding as at 1 April 2007	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2008
Pre-IPO Share Option Scheme:							
Director							
Yu Gang, George	21 September 2004	HK$0.15	*Note 1*	27,726,000	(15,600,000)	—	12,126,000
Employees	21 September 2004	HK$0.15	*Note 1*	20,745,000	(7,265,000)	(2,365,000)	11,115,000
Total				48,471,000	(22,865,000)#	(2,365,000)*	23,241,000

\# The weighted average share price of the Company during the period which the share options were exercised was HK0.717 cents.

* The 2,365,000 share options granted under the Pre-IPO Share Options Scheme lapsed upon the resignation of the employees of the Group.

The following table discloses movements of the share options granted under the Pre-IPO Share Option Scheme during the year ended 31 March 2009:

Grantee	Date of grant	Exercise price	Exercise period	Outstanding as at 1 April 2008	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2009
Pre-IPO Share Option Scheme:							
Director							
Yu Gang, George	21 September 2004	HK$0.15	*Note 1*	12,126,000	—	—	12,126,000
Employees	21 September 2004	HK$0.15	*Note 1*	11,115,000	(1,520,000)	(7,840,000)	1,755,000
Total				23,241,000	(1,520,000)#	(7,840,000)*	13,881,000

\# The weighted average share price of the Company during the period which the share options were exercised was HK0.15 cents.

* The 7,840,000 share options granted under the Pre-IPO Share Options Scheme lapsed upon the resignation of the employees of the Group.

Share Option Scheme

The Company adopted another share option scheme ("Share Option Scheme") on 16 December 2004 for the purpose of providing incentives and recognizing the contributions which the eligible participants have made to the Group. The Share Option Scheme unless otherwise altered or terminated, will remain in force for 10 years from the date of adoption.

The maximum number of shares issuable to each eligible participant in the Share Option Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options to any eligible participant in excess of this limit is subject to shareholders' approval in a general meeting. The total number of shares which may be issued upon exercise of all share options to be granted under this scheme and any other share option scheme of the Company must not, in aggregate, exceed 10% of the shares in issue of the Company (the "Scheme Mandate Limit") as at the date of listing of the Company. The Company may seek approval from its shareholders in a general meeting to refresh the Scheme Mandate Limit at any time in accordance with the GEM Listing Rules.

The maximum number of unexercised share options currently permitted to be granted under this scheme and any other share option scheme of the Company is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue from time to time.

Share options granted to a director, chief executive, management shareholder or substantial shareholder of the Company, or any of their respective associates, are subject to the approval of the independent non-executive directors (excluding any independent non-executive director who is a grantee of the share options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within a 12-month period, are subject to the shareholders' approval in a general meeting in accordance with the GEM Listing Rules.

The grant of share options is effective upon receipt of the acceptance of the offer in writing duly signed by the eligible participant together with a payment of a nominal consideration of HK$1 in total.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the share options, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the share options; and (iii) the nominal value of the Company's shares.

The following table discloses movements of the share options granted under the Share Option Scheme during the year ended 31 March 2008:

Grantee	Date of grant	Exercise price	Exercise period	Outstanding as at 1 April 2007	Granted during the year	Exercised during the year	Lapsed during the year	Reclassified during the year	Outstanding as at 31 March 2008
Share Option Scheme:									
Directors									
Yu Gang, George	6 December 2006	HK$0.668	*Note 3(d)*	5,000,000	—	—	—	—	5,000,000
Kwan Pun Fong, Vincent	29 September 2005	HK$0.365	*Note 2(a)*	1,000,000	—	(600,000)	—	—	400,000
	6 December 2006	HK$0.668	*Note 3(d)*	1,000,000	—	—	—	—	1,000,000
Lam Lee G.	29 September 2005	HK$0.365	*Note 2(a)*	1,000,000	—	—	—	—	1,000,000
	6 December 2006	HK$0.668	*Note 3(d)*	1,000,000	—	—	—	—	1,000,000
Wu Tak Lung	29 September 2005	HK$0.365	*Note 2(a)*	1,000,000	—	—	—	—	1,000,000
	6 December 2006	HK$0.668	*Note 3(d)*	1,000,000	—	—	—	—	1,000,000
Brendan McMahon	6 December 2006	HK$0.668	*Note 3(c)*	1,000,000	—	—	—	(1,000,000)†	—
William Hay	6 December 2006	HK$0.668	*Note 3(b)*	1,000,000	—	—	—	—	1,000,000
Sub-total				13,000,000	—	(600,000)	—	(1,000,000)	11,400,000
Employee	5 September 2005	HK$0.280	*Note 2(b)*	3,000,000	—	(350,000)	—	—	2,650,000
Employees	6 December 2006	HK$0.668	*Note 3(d)*	6,500,000	—	—	(1,520,000)	—	4,980,000
Employees	6 December 2006	HK$0.668	*Note 3(a)*	4,500,000	—	—	—	—	4,500,000
Employee	6 December 2006	HK$0.668	*Note 3(c)*	—	—	—	—	1,000,000	1,000,000
Sub-total				14,000,000	—	(350,000)	(1,520,000)	1,000,000	13,130,000
Total				27,000,000	—	(950,000)#	(1,520,000)*	—	24,530,000

\# The weighted average share price of the Company during the period which the share options were exercised was HK0.592 cents.

* The 1,520,000 share options granted under the Share Options Scheme lapsed upon the resignation of the employees of the Group.

† Mr. Brendan McMahon retired from office as a director of the Company on 27 July 2007. Accordingly, the share options held by him were reclassified to the pool of employee.

The following table discloses movements of the share options granted under the Share Option Scheme during the year ended 31 March 2009:

Grantee	Date of grant	Exercise price	Exercise period	Outstanding as at 1 April 2008	Granted during the year	Exercised during the year	Lapsed/ Cancelled during the year	Reclassified during the year	Outstanding as at 31 March 2009
Share Option Scheme:									
Directors									
Yu Gang, George	6 December 2006	HK$0.668	*Note 3(d)*	5,000,000	—	—	(5,000,000)ˆ	—	—
Kwan Pun Fong, Vincent	29 September 2005	HK$0.365	*Note 2(a)*	400,000	—	—	—	(400,000)†	—
	6 December 2006	HK$0.668	*Note 3(d)*	1,000,000	—	—	(1,000,000)*	—	—
Lam Lee G.	29 September 2005	HK$0.365	*Note 2(a)*	1,000,000	—	—	—	—	1,000,000
	6 December 2006	HK$0.668	*Note 3(d)*	1,000,000	—	—	(1,000,000)ˆ	—	—
Wu Tak Lung	29 September 2005	HK$0.365	*Note 2(a)*	1,000,000	—	—	—	—	1,000,000
	6 December 2006	HK$0.668	*Note 3(d)*	1,000,000	—	—	(1,000,000)ˆ	—	—
William Hay	6 December 2006	HK$0.668	*Note 3(b)*	1,000,000	—	—	(1,000,000)ˆ	—	—
Sub-total				11,400,000	—	—	(9,000,000)	(400,000)	2,000,000
Employee	5 September 2005	HK$0.280	*Note 2(b)*	2,650,000	—	—	—	—	2,650,000
Employee	29 September 2005	HK$0.365	*Note 2(a)*	—	—	—	—	400,000	400,000
Employees	6 December 2006	HK$0.668	*Note 3(d)*	4,980,000	—	—	(4,980,000)ˆ	—	—
Employees	6 December 2006	HK$0.668	*Note 3(a)*	4,500,000	—	—	(4,500,000)ˆ	—	—
Employee	6 December 2006	HK$0.668	*Note 3(c)*	1,000,000	—	—	—	—	1,000,000
Sub-total				13,130,000	—	—	(9,480,000)	400,000	4,050,000
Total				24,530,000	—	—	(18,480,000)	—	6,050,000

ˆ The 17,480,000 share options granted under the Share Options Scheme were cancelled at no consideration, of which 5,200,000 share options were not yet vested at the date of cancellation. The cancellation of the share options during the vesting period was accounted for as an acceleration of vesting, and an amount of approximately HK$1,306,000 (representing the amount that otherwise would have been recognized for services received over the remainder of the vesting period) was recognized immediately in profit or loss in the consolidated income statement for the year ended 31 March 2009.

* The 1,000,000 share options granted under the Share Options Scheme lapsed upon the resignation of a director of the Group.

† Mr. Kwan Pun Fong, Vincent resigned as a director of the Company on 10 June 2008. Accordingly, the share options held by him were reclassified to the pool of employee.

The exercise price in respect of any share options, shall subject to any adjustments in the event of any alteration in the capital structure of the Company whilst any share option remains exercisable or this scheme remains in effect. The exercise of any share option shall be subject to the shareholders in the general meeting approving any necessary increase in the authorized share capital of the Company.

The vesting period of the share options is from the date of grant until the commencement of the exercise period. All share options granted are exercisable within a period of ten years from the date of grant and subject to a vesting period and becoming exercisable in whole or in part as follows:

Note 1:

Date of vesting of the options (that is, the date when the share options became exercisable)	Percentage of share options vested on such dates
7 January 2006	30%
7 January 2007	30%
7 January 2008	40%

Note 2:

Date of vesting of the options (that is, the date when the share options became exercisable)					Percentage of share options vested on such dates
(a)	(b)	(c)	(d)	(e)	
7 January 2006	6 April 2006	3 May 2006	24 June 2006	8 November 2006	30%
7 January 2007	6 April 2007	3 May 2007	24 June 2007	8 November 2007	30%
7 January 2008	6 April 2008	3 May 2008	24 June 2008	8 November 2008	40%

Note 3:

Date of vesting of the options (that is, the date when the share options became exercisable)				Percentage of share options vested on such dates
(a)	(b)	(c)	(d)	
1 January 2007	2 May 2007	5 November 2007	5 December 2007	30%
1 January 2008	2 May 2008	5 November 2008	5 December 2008	30%
1 January 2009	2 May 2009	5 November 2009	5 December 2009	40%

During the year ended 31 March 2009, employee share-based compensation of approximately HK$1,366,000 (2008: HK$2,347,000) has been included in the consolidated income statement with a corresponding credit to the employee compensation reserve.

At 31 March 2009, the Company had 13,881,000 and 6,050,000 share options outstanding under the Pre-IPO Share Option Scheme and Share Option Scheme respectively. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 19,931,000 additional ordinary shares of the Company and additional share capital of approximately HK$199,000 and share premium of approximately HK$4,169,000 (before issue expenses).

32. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

Company

	Share premium *HK$'000*	Employee compensation reserve *HK$'000*	Property revaluation reserve *HK$'000*	Investment revaluation reserve *HK$'000*	Accumulated losses *HK$'000*	Total reserves *HK$'000*
Balance at 1 April 2007	98,286	4,390	6,747	500	(65,375)	44,548
Fair value gains/(losses):						
— Buildings *(Note 17)*	—	—	3,242	—	—	3,242
— Available-for-sale financial assets *(Note 23)*	—	—	—	(1,067)	—	(1,067)
Net income and expense recognized directly in equity	—	—	3,242	(1,067)	—	2,175
Profit for the year	—	—	—	—	23,646	23,646
Total recognized income and expense for the year	—	—	3,242	(1,067)	23,646	25,821
Issue of shares upon exercise of share options *(Note 30)*	3,509	—	—	—	—	3,509
Issue of shares *(Note 30)*	30,874	—	—	—	—	30,874
Share issue costs	(359)	—	—	—	—	(359)
Employee share-based compensation	—	2,347	—	—	—	2,347
Exercise of share options	1,859	(1,859)	—	—	—	—
Vested share options lapsed	—	(203)	—	—	203	—
Balance at 31 March 2008 and 1 April 2008	134,169	4,675	9,989	(567)	(41,526)	106,740
Fair value losses:						
— Available-for-sale financial assets *(Note 23)*	—	—	—	(441)	—	(441)
Net expense recognized directly in equity	—	—	—	(441)	—	(441)
Transfer to profit or loss on disposal of available-for-sale financial assets	—	—	—	89	—	89
Loss for the year	—	—	—	—	(62,009)	(62,009)
Total recognized expense for the year	—	—	—	(352)	(62,009)	(62,361)
Issue of shares upon exercise of share options *(Note 30)*	213	—	—	—	—	213
Employee share-based compensation	—	1,366	—	—	—	1,366
Exercise of share options	54	(54)	—	—	—	—
Vested share options lapsed/cancelled	—	(4,239)	—	—	4,239	—
Balance at 31 March 2009	134,436	1,748	9,989	(919)	(99,296)	45,958

Under the Companies Law (Revised) of the Cayman Islands, the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

33. OPERATING LEASE COMMITMENTS

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from two to three years.

The future aggregate minimum lease payments under non-cancelable operating leases are as follows:

Group

	2009	**2008**
	HK$'000	*HK$'000*
No later than 1 year	5,416	4,024
Later than 1 year and no later than 5 years	4,282	7,478
	9,698	11,502

The Company had no significant operating lease commitment as at 31 March 2008 and 2009.

34. DISPOSAL OF INTEREST IN A SUBSIDIARY

Disposal of interest in 杭州天暢網絡科技有限公司 (transliterated as Hangzhou Tianchang Network Technology Company Limited)

During the year ended 31 March 2009, the Group disposed of its entire equity interests in 杭州天暢網絡科技有限公司 (transliterated as Hangzhou Tianchang Network Technology Company Limited) to independent third parties at an aggregate cash consideration of RMB20,000,000 (equivalent to approximately HK$22,800,000).

	2009
	HK$'000
Attributable net liabilities disposed of	(11,412)
Gain on disposal of interest in a subsidiary	34,212
	22,800
Satisfied by:	
Cash consideration received	20,748
Cash consideration receivable included in "Prepayments, deposits and other receivables" on the consolidated balance sheet at 31 March 2009	2,052
	22,800

Analysis of the net cash inflow in respect of the disposal of interest in a subsidiary:

	2009
	HK$'000
Cash consideration received	20,748
Cash and cash equivalents disposed of	(3)
Net inflow of cash and cash equivalents in respect of the disposal of interest in a subsidiary	20,745

35. CONTINGENT LIABILITIES

In the year ended 31 March 2008, three libel actions were brought by a company and an individual against the Group in respect of the publication of words alleged to be defamatory of and concerning the plaintiffs contained in certain articles published at the Group's website. At the balance sheet date, the Company's directors believe that the Group has meritorious defense against such claims and accordingly, the directors do not believe that these claims will have any material adverse effect on the Group. Therefore no provisions have been made in the financial statements in respect thereof.

36. EVENTS AFTER THE BALANCE SHEET DATE

On 5 May 2009, the Company announced that the Company's board of directors proposed to raise not less than approximately HK$15.0 million and not more than approximately HK$15.2 million before expenses, by way of an open offer on the basis of one offer share for every two existing shares held on the record date with bonus issue of warrants on the basis of three bonus warrants for every ten offer shares issued and allotted under the open offer. The Company's board of directors also proposed to increase the authorized share capital of the Company from HK$10,000,000 divided into 1,000,000,000 shares of HK$0.01 each to HK$20,000,000 divided into 2,000,000,000 shares of HK$0.01 each by the creation of additional 1,000,000,000 shares of HK$0.01 each. The proposed transactions have not been completed as of the date of approval of these financial statements.

3. INDEBTEDNESS

At the close of business on 30 September 2009, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding indebtedness of approximately HK$4,097,000, comprising secured bank loans of approximately HK$3,119,000 which were secured by legal charges over the Group's investment properties and obligations under finance leases of approximately HK$978,000.

In the year ended 31 March 2008, three libel actions were brought by a company and an individual against the Group in respect of the publication of words alleged to be defamatory of and concerning the plaintiffs contained in certain articles published at the Group's website. The Directors believed that the Group had meritorious defense against such claims and accordingly, the Directors did not believe that these claims would have any material adverse effect on the Group. Therefore no provisions had been made in the financial statements in respect thereof.

Save as disclosed above and apart from intra-group liabilities and normal trade payables, the Group did not have at the close of business on 30 September 2009 any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

There has been no material change in the indebtedness or contingent liabilities of the Group since 30 September 2009.

4. WORKING CAPITAL

The Directors are of the opinion that after taking into account the present internal financial resources of the Group, the presently available banking facilities and the estimated net proceeds of the Open Offer, and in the absence of unforeseen circumstances the Group has sufficient working capital for its present requirements (that is, for at least the next twelve months from the date of this circular).

5. MATERIAL CHANGE

Save for the net proceeds of HK$12.8 million raised from the First Open Offer, the Directors confirm that there is no material change in the financial or trading position or outlook of the Group since 31 March 2009 (being the date to which the latest published audited financial statements of the Group were made up) up to and including the Latest Practicable Date.

6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Financial Review

Turnover of the Group for the year ended 31 March 2009 was approximately HK$33,088,000 (2008: HK$35,829,000), which represented a decrease of approximately 8% as compared to the previous financial year. The net decrease was primarily attributable to (1) an increase in online game business of approximately HK$987,000; and (2) a decrease in financial services and advertising services of total approximately HK$3,728,000.

Other operating income of the Group for the year ended 31 March 2009 was approximately HK$37,443,000 (2008: HK$33,284,000), which mainly comprised the gain on disposal of interests in subsidiaries during the year.

Cost of sales of the Group for the year ended 31 March 2009 was approximately HK$10,140,000 (2008: HK$10,031,000), representing an increase of approximately 1% as compared to the previous financial year. The increase in the cost of sales was mainly resulted in the increased in cost to the information providers in connection with the provision of relevant services.

Selling and marketing expenses of the Group for the year ended 31 March 2009 was decreased to approximately HK$4,493,000 compared with approximately HK$6,143,000 in 2008. The decrease was mainly attributable to the decreased in marketing and promotion expenses incurred for online game business.

Development costs of the Group for the year ended 31 March 2009 was approximately HK$6,375,000 (2008: HK$5,058,000), which mainly comprised depreciation of property, plant and equipment of approximately HK$181,000 (2008: HK$122,000) and employee benefit expenses of approximately HK$5,504,000 (2008: HK$4,318,000).

General and administrative expenses of the Group for the year ended 31 March 2009 was increased by approximately HK$6,723,000 to approximately HK$45,118,000 (2008: HK$38,395,000), which mainly comprised the staff costs (including directors' emoluments) of approximately HK$23,750,000 (2008: HK$21,683,000).

Other operating expenses of the Group for the year ended 31 March 2009 was approximately HK$66,722,000 (2008: HK$5,231,000), which mainly represented the goodwill impairment charge of approximately HK$43,203,000 (2008: HK$3,600,000) and impairment loss on amount due from a former subsidiary of approximately HK$20,193,000 (2008: Nil). The impairment charges related to the goodwill impairment and capitalized online games development costs respectively in the Group's online games segment.

Finance costs of the Group for the year ended 31 March 2009 was approximately HK$332,000 (2008: HK$817,000), which mainly represented the interest charges on bank loans for the investment properties in the PRC and on the finance lease for the computer equipments.

The Hong Kong profits tax of approximately HK$26,000 was paid during the year ended 31 March 2009 (2008: Nil) in respect of prior years. The PRC income tax of approximately HK$62,000 (2008: Nil) for the net rental income from the investment properties of the Company in the PRC.

The audited consolidated loss attributable to equity holders of the Company for the year ended 31 March 2009 was approximately HK$62,309,000 (profit attributable to equity holders for 2008: HK$5,519,000).

Prospect

Due to the chaotic market conditions following the global financial crisis, growth has also slowed markedly in China, but with a sizeable monetary and fiscal stimulus, activity is projected to pick up in 2009 and 2010. A pick up in credit growth is helping the economy regain momentum. Therefore, the Group will commit to invest in China's financial services market and to strive to become a major market player in the next 3–5 years. We have identified financial services and online games, two most promising areas that offer proven business models and increasing user bases.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets (the "Unaudited Pro Forma Financial Information") of the Group which has been prepared in accordance with paragraph 7.31 of the GEM Listing Rules to illustrate the effects of the Open Offer on the unaudited consolidated net tangible assets of the Group as if the Open Offer had been completed on 31 March 2009.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of: (i) the financial position of the Group as at 31 March 2009 or any future date; or (ii) the consolidated net tangible assets per Share of the Group as at 31 March 2009 or any future date.

	Unaudited adjusted consolidated net tangible assets of the Group as at 31 March 2009 *HK$'000* *(Note 1)*	**Add: Estimated net proceeds from the Open Offer** *HK$'000*	**Unaudited pro forma adjusted consolidated net tangible assets of the Group** *HK$'000*
Based on the issue of 899,465,189 Offer Shares *(Note 2)*	14,086	61,500	75,586
Based on the issue of 996,424,048 Offer Shares *(Note 3)*	14,086	68,200	82,286
Unaudited adjusted consolidated net tangible assets per Share based on 899,465,189 Shares in issue as at the Latest Practicable Date and immediately before completion of the Open Offer *(Note 4)*			HK$0.016

	Unaudited adjusted consolidated net tangible assets of the Group as at 31 March 2009	Add: Estimated net proceeds from the Open Offer	Unaudited pro forma adjusted consolidated net tangible assets of the Group
	HK$'000 *(Note 1)*	*HK$'000*	*HK$'000*
Unaudited pro forma adjusted consolidated net tangible assets per Share based on the minimum enlarged issued share capital of 1,798,930,378 Shares upon completion of the Open Offer assuming that none of the Vested Share Options and the Bonus Warrants is exercised on or before the Record Date *(Note 5)*			HK$0.042
Unaudited pro forma adjusted consolidated net tangible assets per Share based on the maximum enlarged issued share capital of 1,992,848,096 Shares upon completion of the Open Offer assuming that the Vested Share Options (other than those held by Dr. Yu) and the Bonus Warrants are exercised in full on or before the Record Date *(Note 6)*			HK$0.041

Notes:

1. The unaudited adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 March 2009 of approximately HK$14,086,000 is arrived at based on the equity attributable to the equity holders of the Company of approximately HK$41,092,000 as adjusted to exclude the intangible assets of approximately HK$27,006,000 as shown on the audited consolidated balance sheet of the Group as at 31 March 2009 as extracted from the published annual report of the Company for the year ended 31 March 2009 as set out in Appendix I to the circular.

2. The estimated net proceeds from the Open Offer of approximately HK$61.5 million are based on the proceeds of approximately HK$63.0 million from the issue of 899,465,189 Offer Shares at the Subscription Price of HK$0.07 per Offer Share payable in full upon application, less estimated share issue expenses of approximately HK$1.5 million.

3. The estimated net proceeds from the Open Offer of approximately HK$68.2 million are based on the proceeds of approximately HK$69.7 million from the issue of 996,424,048 Offer Shares at the Subscription Price of HK$0.07 per Offer Share payable in full upon application, less estimated share issue expenses of approximately HK$1.5 million.

4. Based on 899,465,189 Shares in issue as at the Latest Practicable Date and immediately before completion of the Open Offer.

5. Based on the minimum enlarged issued share capital of 1,798,930,378 Shares upon completion of the Open Offer (comprising (i) 899,465,189 Shares in issue and (ii) 899,465,189 Offer Shares to be issued under the Open Offer), assuming that none of the Vested Share Options and the Bonus Warrants is exercised on or before the Record Date.

6. Based on the maximum enlarged issued share capital of 1,992,848,096 Shares upon completion of the Open Offer (comprising (i) 899,465,189 Shares in issue, (ii) 7,463,548 Shares to be issued upon exercise of the Vested Share Options, (iii) 89,495,311 Shares to be issued upon exercise of the Bonus Warrants and (iv) 996,424,048 Offer Shares to be issued under the Open Offer), assuming that the Vested Share Options (other than those held by Dr. Yu) and the Bonus Warrants are exercised in full on or before the Record Date.

7. The pro forma financial information does not take account of any trading or other transactions subsequent to the date of the financial statements included in the pro forma financial information (i.e. 31 March 2009). In particular, no adjustment has been made to reflect the First Open Offer which was announced by the Company on 5 May 2009 and completed in around August 2009. The First Open Offer principally involved the open offer and bonus issue of warrants of 299,685,000 new Shares and 89,905,500 Bonus Warrants on a fully underwritten basis, from which the Company raised net proceeds of approximately HK$12.8 million.

B. REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the text of a report received from the auditors of the Company, HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, Hong Kong, addressed to the directors of the Company and prepared for the sole purpose of inclusion in this circular.

HLB 國衛會計師事務所
Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

14 October 2009

The Directors
Finet Group Limited

Dear Sirs,

REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

Introduction

We report on the unaudited pro forma statement of adjusted consolidated net tangible assets (the "Unaudited Pro Forma Financial Information") of Finet Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the Open Offer (as defined in the Circular) might have affected the financial information presented, for inclusion in the Company's circular dated 14 October 2009 (the "Circular"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Section A of Appendix II of the Circular.

Respective responsibilities of the directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of: (i) the financial position of the Group as at 31 March 2009 or any future date; or (ii) the consolidated net tangible assets per share of the Group as at 31 March 2009 or any future date.

Opinion

In our opinion:

a. the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

b. such basis is consistent with the accounting policies of the Group; and

c. the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong

The following is the text of a letter, summary of value and valuation certificate prepared for the purpose of incorporation in this circular received from Dynasty Premium Asset Valuation & Real Estate Consultancy Ltd., an independent valuer, in connection with its valuation as at 30 September 2009 of the property located in the PRC acquired by the Group.

雍盛
Dynasty Premium Asset Valuation
& Real Estate Consultancy Limited
雍盛資產評估
及房地產顧問有限公司

Office 1901, 19/F,
Nam Wo Hong Building,
148 Wing Lok Street,
Sheung Wan, Hong Kong

14 October 2009

The Board of Directors
Finet Group Limited
Suite 505–506, 5th Floor, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Dear Sirs

Re: Valuation of legal interests in a strata-title office property held for investment purpose by Finet Group Limited in Shenzhen Municipal, Guangdong Province, the PRC for the circular purpose

INSTRUCTION OF CLIENT

We are instructed to assess the market value of the legal interests in an office property held in Shenzhen Municipal, Guangdong Province, The People's Republic of China for investment purpose by Finet Group Limited (hereinafter referred to be as "the Company").

Considering the requirements of professional valuation practice, we hereby confirm that we have endeavoured to procure and examine relevant information and data and make necessary enquiries for the purpose of providing you with our independent informed opinion on the market value of such legal interests in the property as at 30 September 2009.

STANDARD OF PROPERTY VALUATION AND DEFINITION OF MARKET VALUE

This valuation represents our professional opinion of the market value. According to the *RICS Valuation Standards (6th ed. 2008)* and *The HKIS Valuation Standards on Properties (1st ed. 2005)* published by the Royal Institution of Chartered Surveyors and Hong Kong Institute of Surveyors respectively, market value is defined as —

> "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

So, the valuation relies on the above circumstances to conclude our opinion of the market value.

METHODOLOGY AND APPROACH OF PROPERTY VALUATION FOR PROPERTY IN THE PRC

For valuation of the market value for the legal interests in the property which is held for investment purpose in the Shenzhen Municipal of the PRC, investment method is adopted.

Investment method is to capitalise the existing rent during the residual term of existing tenancy at a proper all-risks yield and capitalise the market rent after the expiry of the existing tenancy in perpetuity at a proper reversionary yield based on historical data of market transaction records. The summation of the term value and the reversionary value gives rise to the capital value or the market value. Such calculation does not involve a profit forecast or cash flow projection.

Adjustment has been allowed in the process of valuation for the discrepancies between the property and the similar office comparables in respect of various factors including location, accessibility, level of floor, view, size, layout, ceiling height, age, building facilities, and date of transaction. The aim of valuation adjustments is to reduce the different circumstances of different office comparables into the same basis of the property for direct analysis and comparison.

CONSIDERATIONS IN PROPERTY VALUATION

According to the mandatory requirement of duty of care to the client in respect of proper performance of valuation, we have enquired the Company to provide us relevant information and data and relied on them to a large extent for valuation. They include but not limited to documents corroborating the good and binding legal title, restrictions of town planning, statutory notices & encumbrances, overriding interests, easements, land tenure, identification of property, particulars of occupation, site and floor areas, and age of building. All documents and leases have been used as reference only and all dimensions, measurement and areas are approximations.

However, owing to inaccessibility to the land registration system of China, we are unable to search the original documents from the relevant land registration departments to verify the existing legal title of the property or material encumbrances that might have been attached to the property. Further, we are not in a position to take further action in verifying the amendments to the First and subsequent Deed of title which can materially affect the proprietary rights of the property in respect of sole and exclusive use, exclusive possession & occupation, and the quiet reasonable enjoyment of the property.

Regarding the good and binding legal interests of the property, we are provided with the legal opinion statement (issued by上海市錦天城律師事務所深圳分所) dated 9 October 2009 in respect of the Company's legal title to the property in form of the legal interests of the Company in the property. Based on our own independent professional status, we have considered the enforceability of legal title and legal interests held and enjoyed by the Company under the PRC Property Law passed in March 2007. However, our valuation has considered the said legal opinion statement that the Company has enjoyed absolute legal rights of using and disposing the property for the whole of the residual land tenure and can assign the legal interests vested upon the property to the local and overseas purchasers.

We have taken into account the legal opinion statement that the property is free from encumbrances, restrictions and outgoings of an onerous nature which can affect their market value. So no allowance is made for encumbrances (except charges and mortgages stated in the Valuation Report) or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale.

SPECIFIC VALUATION ASSUMPTION ON STRUCTURAL AND PHYSICAL CONDITIONS

We have inspected the exterior and, where possible, the interior of the property at the date of valuation but we have not inspected those parts of the property which are covered, unexposed or inaccessible. We have assumed that such parts of the property have been assumed to be in reasonable condition without the possibility of value reduction. No structural survey has been made. In the course of our inspection, we did not note or are not made notice to any structural defects. We are not able to report that the property is free from rot, infestation or other structural defects while none of structural survey and tests is carried out to each item of the building services.

Neither land surveying is conducted to verify the legal boundary and the exact location of the property and nor is on-site measurement carried out. The floor area indicated in the valuation report is an approximation and for reference only.

We have not arranged for any investigation to be carried out to determine whether or not deleterious material has been used in the construction of the property and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that such investigation would not disclose the presence of any such material in any adverse conditions.

COMPLIANCE WITH RELEVANT VALUATION STANDARDS AND PRACTICE GUIDELINES

In valuing the property, we have complied with the requirements contained in Chapter 8 of the Listing Rules of Growth Enterprise Market, Practice Note 12 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited, Rule 11 of The Codes on Takeover and Mergers and Share Repurchase (October 2005) and the ethics and practice guidelines contained in *The HKIS Valuation Standards on Properties* (1st ed. 2005) and the *RICS Valuation Standards* (6th ed. 2008) published by the Hong Kong Institute of Surveyors the Royal Institution of Chartered Surveyors respectively.

THE RESPONSIBILITY FOR THE RELIANCE OF THE VALUATION REPORT BY THIRD PARTIES AND HEREBY SUFFERING LOSS

In accordance with the norm of our professional practice, this report is for the use of the party to whom it is addressed and the stated purpose of the valuation. No responsibility is accepted to third party/parties for the whole or any part of the contents of this report.

OVERRIDING INTERESTS, MINOR INTERESTS, OR THIRD PARTIES' INTERESTS IN THE PROPERTY

We cannot identify and notice whether there are the overriding interests, minor interests, or actual occupation of the third parties in the property. Our valuation has assumed that none of such overriding interests in the property or risk arising from it does exist at the date of valuation. We would not take any responsibility for liabilities arising from the interests of third parties in the property.

We have not been advised by the client that the property is encroached by trespasser(s), suffers from adverse possession and is subject to easement, or restrictive freehold covenants, or incumbrances affecting the property value. Our valuation has disregarded these negative parameters which can have the effect of downwardly adjusting the market value if they are found eventually.

TAX LIABILITY ON PROPERTY VALUATION

According to the information provided by the Company, the potential tax liability which would arise on the disposal of property are PRC business tax, PRC land appreciation tax and PRC corporate income tax. The Company has advised that the property is held for investment purpose only at the date of valuation. Therefore, the likelihood of such tax liability is remote in the instant case. In this valuation practice, we do not need to take into account such tax liability given that it is remote in the instant case.

DECLARATION OF THE INDEPENDENT STATUS OF THE CHARTERED VALUATION SURVEYOR

This valuation is undertaken by a valuer, acting as an external valuer qualified for the current purpose of the valuation. We have neither present nor prospective interest in the property, the Company or the value reported.

VALUATION MATHEMATICS

Unless otherwise stated, all monetary amounts stated are in Renminbi (the lawful currency in the PRC). Our valuation has assumed that the exchange rate of the currency is unchanged from the date of valuation to the date of this report disclosure.

The conversion rate of area and length adopted this valuation certificate is per 1 sq.m. = 10.7639 sq.ft. and 1 m. = 3.2808 ft.

OTHERS

Our valuation is summarised below and the valuation certificate for the property interests is enclosed herewith.

Yours faithfully
For and on behalf of
Dynasty Premium Asset Valuation & Real Estate Consultancy Limited
WONG Yung-shing (黃雍盛)
LLB(Hons)(London) B.Sc. (Hons) (Land Adm.)(London)
Prof.Dip.(Est. Mgt.)(HKPU)
MRICS MHKIS MCIArb AHKIArb RPS MHIREA
CEO & Group Managing Director
1st Senior Chartered Surveyor (Surveying with Law)

Note: Mr. WONG Yung-shing is a Chartered Valuation Surveyor of Dynasty Premium Asset Valuation & Real Estate Consultancy Limited and possesses about 21 years' experience in valuation of properties in Hong Kong and about 19 years' experience in the valuation of properties in the PRC respectively.

Dynasty Premium Asset Valuation & Real Estate Consultancy Limited is the first surveying firm in Hong Kong providing the exclusive hybrid services of "property rights valuation with law & finance" in respect of proprietary rights and interests in land for the clients.

SUMMARY OF VALUE

Property interests held for investment purpose by the Company in the People's Republic of China

Property	Capital Value in Existing State to the Group as at 30 September 2009	Interest Attributable to the Group	Capital Value in Existing State Attributable to the Group as at 30 September 2009
Suites A03 & A04, 12th Floor, Anlian Plaza, 2222 Jintian Road, Futian District, Shenzhen Municipal, The PRC	RMB13,454,000.00	100%	RMB13,454,000.00

VALUATION CERTIFICATE

Property interests held for investment purpose by the Company in the PRC

Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 30 September 2009
Suites A03 & A04, 12th Floor, Anlian Plaza, 2222 Jintian Road, Futian District, Shenzhen Municipal, The PRC	The property comprises two office units on the twelfth floor of a 35-storeyed (plus 4-storeyed Basement) office tower completed in August 2005. Pursuant to the Real Estate Ownership Certificates (Document No. 深房地字第3000518474號 and 第3000518475號), the property has a total gross floor area of approximately 493.73 sq.m. (5,314.46 sq.ft.). The land is held under the said Real Estate Ownership Certificates for a definite term of 50 years from 23 January 2002 to 22 January 2052.	The property is currently leased to a 3rd party for office use for definite term of 2 years from 20 March 2008 to 19 March 2010 at a total currently monthly rent of RMB82,869.00 inclusive of taxation payment and exclusive of management fee, air-conditioning charges, and utility outgoings. The ceiling height of the property is 3.95 m.	RMB13,454,000.00 (100.00 per cent. of interest attributable to the Company: RMB13,454,000.00)

Valuation Notes (For Unit A03):

1. According to a Real Estate Ownership Certificate (Document No. 深房地字第3000518474號) registered on 26 May 2009, the relevant details about the legal interests held by the Company is as follows:

(a)	Holder of interest	:	Finet Group Limited
(b)	Address	:	福田區金田路與福中三路交滙處
(c)	Type of property use	:	Office
(d)	Term of land use rights	:	50 years from 23 January 2002 to 22 January 2052
(e)	Gross floor area	:	287.01 sq.m.
(f)	Date of completion	:	11 August 2005
(g)	Encumbrances	:	mortgaged to Wing Hang Bank Company Limited (Shenzhen Branch)

2. According to a Notary dated 9 June 2005, the property is mortgaged to Wing Hang Bank Company Limited (Shenzhen Branch) to the extent of consideration of HK$2,260,000.00.

3. According to the legal opinion issued by 上海市錦天城律師事務所深圳分所 dated 9 October 2009, the status of the legal interests in the property is as follows:

   (i) Finet Group Limited has legally been vested with a proper legal title to the property in form of land use rights and can enjoy the proprietary rights of occupying, using the property, taking profits from the property and disposing (including but not limited to transfer, let, and mortgage) and assigning the legal interest in the property within the residual term of its land use rights.

   (ii) The term of the land use rights of the property is 50 years for office use from 23 January 2002 to 22 January 2052.

   (iii) The property has been mortgaged to Wing Hang Bank Company Limited (Shenzhen Branch) to the extent of HK$2,260,000.00 according to a Notary dated 9 June 2005.

   (iv) The property (together with Unit A04) is leased for a term from 20 March 2008 to 19 March 2010 at the current monthly rent of RMB82,869.00 inclusive of taxation payment and exclusive of management fee, air conditioning charges, and utility outgoings.

   (v) Other than the said mortgage and the lease, none of the minor interests has been assigned, disposed, or transmitted to the 3rd parties and the property is not subject to other encumbrances. The property is confirmed to be currently occupied by the existing legal tenant only.

   (vi) All land premium for the good and legally binding title has been paid and settled.

4. In the course of our valuation, we have taken into account the following facts based on the legal opinion issued by 上海市錦天城律師事務所深圳分所 dated 9 October 2009:

   (a) Finet Group Limited is in possession of a proper legal title to the property and is entitled to transfer the property within the residual term of its land use rights.

   (b) The term of the land use rights of the property is 50 years for office use from 23 January 2002 to 22 January 2052.

   (c) the property interests can be freely leased, mortgaged or assigned.

   (d) All land premium for the good and legally binding title has been paid and settled.

5. The status of major approvals, licences and ownership documents showing the legitimacy of the current legal interests in the property according to the information provided by the Company is as follows:

Types of Documents	**Status**
Real Estate Ownership Certificate	Obtained
Mortgage	Obtained

Valuation Notes (For Unit A04):

1. According to a Real Estate Ownership Certificate (Document No. 深房地字第3000518475號) registered on 26 May 2009, the relevant details about the legal interests held by the Company is as follows:

(a)	Holder of interest	:	Finet Group Limited
(b)	Address	:	福田區金田路與福中三路交滙處
(c)	Type of property use	:	Office
(d)	Term of land use rights	:	50 years from 23 January 2002 to 22 January 2052
(e)	Gross floor area	:	207.72 sq.m.
(f)	Date of completion	:	11 August 2005
(g)	Encumbrances	:	mortgaged to Wing Hang Bank Company Limited (Shenzhen Branch)

2. According to a Notary dated 9 June 2005, the property is mortgaged to Wing Hang Bank Company Limited (Shenzhen Branch) to the extent of consideration of HK$1,640,000.00.

3. According to the legal opinion issued by上海市錦天城律師事務所深圳分所 dated 9 October 2009, the status of the legal interests in the property is as follows:

   (i) Finet Group Limited has legally been vested with a proper legal title to the property in form of land use rights and can enjoy the proprietary rights of occupying, using the property, take profits from the property and disposing (including but not limited to transfer, let, and mortgage) and assigning the legal interest in the property within the residual term of its land use rights.

   (ii) The term of the land use rights of the property is 50 years for office use from 23 January 2002 to 22 January 2052.

   (iii) The property has been mortgaged to Wing Hang Bank Company Limited (Shenzhen Branch) to the extent of HK$1,640,000.00 according to a Notary dated 9 June 2005.

   (iv) The property (together with Unit A03) is leased for a term from 20 March 2008 to 19 March 2010 at the current monthly rent of RMB82,869.00 inclusive of taxation payment and exclusive of management fee, air conditioning charges, and utility outgoings.

   (v) Other than the said mortgage and the lease, none of the minor interests has been assigned, disposed, or transmitted to the 3rd parties and the property is not subject to other encumbrances. The property is confirmed to be currently occupied by the existing legal tenant only.

   (vi) All land premium for the good and legally binding title has been paid and settled.

4. In the course of our valuation, we have taken into account the following facts based on the legal opinion issued by 上海市錦天城律師事務所深圳分所 dated 9 October 2009:

   (a) Finet Group Limited is in possession of a proper legal title to the property and is entitled to transfer the property within the residual term of its land use rights.

   (b) The term of the land use rights of the property is 50 years for office use from 23 January 2002 to 22 January 2052.

   (c) the property interests can be freely leased, mortgaged or assigned.

   (d) All land premium for the good and legally binding title has been paid and settled.

5. The status of major approvals, licences and ownership documents showing the legitimacy of the current legal interests in the property according to the information provided by the Company is as follows:

Types of Documents	**Status**
Real Estate Ownership Certificate	Obtained
Mortgage	Obtained

MR. LAM KA WAI, GRAHAM
Independent Non-executive Director
Audit Committee Member

Qualification and Experience

Mr. Lam Ka Wai, Graham, aged 41, became an independent non-executive director of the Group in August 2009. Mr. Lam graduated from the University of Southampton, England with a Bachelor of Science degree in Accounting and Statistics. He is a member of Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants. Mr. Lam is currently a Managing Director and Head of Corporate Finance of an investment bank and has around 15 years experience in investment banking as well as around 4 years experience in accounting and auditing. He is also the independent non-executive director of Cheuk Nang (Holdings) Limited (stock code: 131), Applied Development Holdings Limited (stock code: 519), China Fortune Group Limited (stock code: 290), ZZNode Technologies Company Limited (stock code: 2371), China Sonangol Resources Enterprise Limited (stock code: 1229) and Pearl Oriental Innovation Limited (stock code: 632), companies listed on the Main Board of The Stock Exchange of Hong Kong Limited; and China Railway Logistics Limited (stock code: 8089), a company listed on GEM. He is a member of the Company's audit committee.

Length of Service

Mr. Lam was appointed as an independent non-executive director of the Company on 5 August 2009, with an initial term of two years commencing on 5 August 2009 and expiring on 4 August 2011. His appointment is subject to retirement by rotation and/or re-election at the annual general meeting of the Company according to the Articles of Association.

Relationship with other Directors, senior management, substantial or controlling shareholders

As at the Latest Practicable Date, Mr. Lam did not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholder of the Company.

Interests in Shares

As at the Latest Practicable Date, Mr. Lam did not have any interest in securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Amount of Emoluments

Under the director's service contract entered into between Mr. Lam and the Company, Mr. Lam is entitled to annual director fee of HK$60,000, which was determined by reference to his duties and responsibilities with the Company. Mr. Lam will be eligible to receive share options at the discretion of the Board of the Company. Save as disclosed above, Mr. Lam is not entitled to any other emolument for holding his office as an independent non-executive director of the Company.

Save as disclosed herein, the Board is not aware of any matters which are required to be disclosed pursuant to paragraphs (h) to (v) of Rule 17.50(2) of the GEM Listing Rules, or any other matters that need to be brought to the attention of the shareholders of the Company.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules and the Takeovers Code 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: (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

Share capital

(a) Share capital as at the Latest Practicable Date

Authorised:		*HK$*
2,000,000,000		20,000,000
Issued and fully paid:		
599,370,000	As at 31 March 2009	5,993,700
299,685,000	Issue of Shares upon open offer on 3 August 2009	2,996,850
410,189	Issue of Shares upon exercise of the Bonus Warrant since 3 August 2009	4,102
899,465,189	As at the Latest Practicable Date	8,994,652

(b) *Share capital upon completion of the Open Offer assuming all the Vested Share Options (other than those held by Dr. Yu) and the Bonus Warrants are exercised on or before the Record Date*

Authorised:		*HK$*
2,000,000,000		20,000,000
Issued and fully paid:		
899,465,189	Shares as at the Latest Practicable Date	8,994,652
7,463,548	Shares to be issued upon exercise of the Share Options	74,635
89,495,311	Shares to be issued upon exercise of the Bonus Warrants	894,953
996,424,048	Offer Shares to be issued pursuant to the Open Offer	9,964,240
1,992,848,096	Shares upon completion of the Open Offer	19,928,480

All the issued Shares rank pari passu with each other in all respects including the rights to voting, dividends and return of capital. The Offer Shares, when issued and fully paid, rank pari passu in all respects with the existing Shares.

Share Options

As at the Latest Practicable Date, the Company had the following outstanding Share Options under the Share Option Schemes:

Date of grant	**Exercise price per Share** *(HK$)*	**No. of Shares which may fall to be issued upon exercise of the Share Options**
21 September 2004	0.1368	14,566,258
5 September 2005	0.2553	2,906,452
29 September 2005	0.3328	2,632,258
6 December 2006	0.6091	1,096,774

Bonus Warrant

As at the Latest Practicable Date, the Company had the following outstanding Bonus Warrant under the Bonus Warrant Scheme:

Date of grant	Exercise price per Share *(HK$)*	No. of Shares which may fall to be issued upon exercise of the Bonus Warrant
3 August 2009	0.10	89,495,311

Adjustments to (a) the exercise prices and numbers of the outstanding Share Options; and (b) the subscription price of the Bonus Warrants; may be required under the relevant terms of the Share Option and the Bonus Warrants Schemes, respectively. The auditors of the Company will be appointed to certify the necessary adjustments, if any, to the exercise prices and numbers of the outstanding Share Options. Further announcement will be made by the Company in this regard.

Save as disclosed above, the Company did not have any other options, warrants and other convertible securities or rights affecting the Shares as at the Latest Practicable Date.

3. MARKET PRICES

The table below shows the closing prices of the Shares as recorded on the Stock Exchange on (i) the Last Trading Date; (ii) the last trading day of each of the six calendar months before the date of the Announcement and ending on the Latest Practicable Date; and (iii) the Latest Practicable Date.

Date	Share price *HK$*
31 March 2009	0.055
29 April 2009	0.054
30 April 2009	(Suspended)
29 May 2009	0.095
30 June 2009	0.092
31 July 2009	0.087
31 August 2009	0.082
Last Trading Date	0.090
30 September 2009	0.083
Latest Practicable Date	0.080

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK$0.115 on 8 June 2009 and HK$0.051 on 2 April 2009 respectively.

4. DISCLOSURE OF INTEREST UNDER THE SFO

(a) Directors' and chief executive's interests and short positions in the Shares, underlying shares and debentures of the Company and associated corporations

As at the Latest Practicable Date, 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 which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange; or (d) were required to be disclosed in this circular pursuant to the requirements of the Takeovers Code, were as follows:

(i) Aggregate long positions in the Shares and underlying shares of the Company

	No. of Shares		No. of underlying Shares				
Name of director	**Personal interest**	**Interest of controlled corporation**	**Personal interest**	**Interest of controlled corporation**	*Note*	**Total**	**% of Shares in issue**
Executive Director:							
Dr. Yu	—	1,271,430,232	13,299,484	27,500,618	1	1,312,230,334	145.89%
Independent Non-executive Directors:							
Lam Lee G.	—	—	1,096,774	—	—	1,096,774	0.12%
Wu Tak Lung	—	—	1,096,774	—	—	1,096,774	0.12%

(ii) Aggregate long positions in the shares of associated corporation

Name of associated corporation	Name of Director	No. of shares Personal interest	Interest of controlled corporation	*Note*	% of shares in issue
Opulent	Dr. Yu	100	—	1	100%

Note:

1. Dr. Yu was deemed (by virtue of the SFO) to be interested in 1,312,230,334 Shares. These Shares were held in the following capacity:

   (a) 1,271,430,232 Shares and 27,500,618 underlying Shares were held by Opulent. Dr. Yu is interested in the entire issued share capital of Opulent. Therefore, the interest of Dr. Yu in these 1,271,430,232 Shares and 27,500,618 underlying Shares duplicates with the interest of Opulent in the same lots of 1,271,430,232 Shares and 27,500,618 underlying Shares; and

   (b) Dr. Yu is entitled to Share Options to subscribe for an aggregate of 13,299,484 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange; or (d) were required to be disclosed in this circular pursuant to the requirements of the Takeovers Code.

(b) Substantial shareholders' interests and short positions in the Shares

As at the Latest Practicable Date, so far as the Directors were aware, persons other than the Directors or the chief executive of the Company who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of the SFO, or, who were expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, were as follows:

(i) the Company

	Number of Shares		Number of underlying Shares			
Name	**Personal interest**	**Interest of controlled corporation**	**Personal interest**	*Notes*	**Total**	**% of Shares in issue**
substantial shareholder:						
Opulent	1,271,430,232	—	27,500,618	1	1,298,930,850	144.41%

(ii) China Game and Digital Entertainment Limited

	Number of shares				
Name of substantial shareholder	**Personal interest**	**Interest of controlled corporation**	*Notes*	**Total**	**% of shares in issue**
The Pride of Treasure Fund	120,000	—	2	120,000	12%

Notes:

1. Opulent was deemed (by virtue of the SFO) to be interested 1,298,930,850 Shares as beneficial owner. The interest of Opulent in these 1,298,930,850 Shares duplicates with the interest of Dr. Yu in the same lot of 1,298,930,850 Shares. Such 1,298,930,850 Shares comprise:

   (a) 275,006,184 Shares held by Opulent as at the Latest Practicable Date;

   (b) 275,006,184 Offer Shares to be issued to Opulent in respect of the 275,006,184 Shares held by it which Opulent has undertaken to take up under the Open Offer;

   (c) 27,500,618 underlying Shares falling to be issued to Opulent upon the exercise of the subscription rights attaching to the 27,500,618 Bonus Warrants held by Opulent;

   (d) 27,500,618 Offer Shares falling to be issued to Opulent in respect of the 27,500,618 underlying Shares held by it upon the exercised of the Bonus Warrants held by Opulent; and

(e) 693,917,246 Offer Shares underwritten by Opulent pursuant to the Underwriting Agreement, assuming that all the outstanding Vested Share Options and the Bonus Warrant (other than those held by Dr. Yu) are exercised on or before the Record Date.

2. As at the Latest Practicable Date, the issue share capital of China Game and Digital Entertainment Limited was US$10,000 divided into 1,000,000 shares of US$0.01 each, in which the Company held 85.71% equity interest.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons other than the Directors or the chief executive of the Company who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of the SFO, or, who were expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

None of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2009 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group. As at the Latest Practicable Date, save for Dr. Yu's interest in the First Open Offer, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group and subsisting at the date of this circular which is significant in relation to the business of the Group.

5. ADDITIONAL DISCLOSURE OF INTERESTS UNDER THE TAKEOVERS CODE

As at the Latest Practicable Date:

(a) The Underwriter held 275,006,184 Shares (representing approximately 30.57% of the issued share capital of the Company) and is also beneficially interested in the Bonus Warrants entitling it to subscribe for an aggregate of 27,500,618 Shares. Save for this, the Underwriter was not interested in any shares, convertible securities, warrants, options or derivatives of the Company;

(b) Dr. Yu, the sole shareholder and director of the Underwriter, held Shares Options to subscribe for 13,299,484 Shares, will represent approximately 1.5% of the then enlarged issued share capital of the Company upon full exercise of these Share Options. Save for this, none of the directors of the Underwriter was interested in any shares, convertible securities, warrants, options or derivatives of the Company;

(c) Save for the Underwriting Agreement, there was no other agreement or arrangement to which the Underwriter was a party which related to the circumstances in which it might or might not invoke or seek to invoke a precondition or a condition to the Open Offer other than those mentioned in the section headed "Conditions of the Open Offer" or the Whitewash Waiver;

(d) Save as disclosed under the section headed "DISCLOSURE OF INTERESTS UNDER THE SFO" on page 130 of this Appendix V and except for the Share Options held by Dr. Yu to subscribe for 13,299,484 Shares, none of the members of the Concert Party Group owned or controlled any shares, convertible securities, warrants, options or derivatives of the Company;

(e) Save for the irrevocable undertakings given by Opulent to take up its assured entitlements pursuant to the Open Offer, none of the members of the Concert Party Group had received an irrevocable commitment to accept or reject the Open Offer;

(f) None of the members of the Concert Party Group had borrowed or lent any shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period;

(g) There was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any members of the Concert Party Group and any other person;

(h) Saved for the undertakings given by Opulent in respect of its taking up of its entitlements under the Open Offer and the Irrevocable Undertakings from Dr. Yu, details of which were disclosed on page 16 of this circular under the section headed under "UNDERWRITING ARRANGEMENT AND UNDERTAKINGS", no agreement, arrangement or understanding (including any compensation arrangement) existed between any members of the Concert Party Group, including Dr. Yu, and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Open Offer and the Whitewash Waiver;

(i) The Company was not interested in the shares, convertible securities, warrants, options or derivatives of the Underwriter and had not during the Relevant Period dealt for value in the shares, convertible securities, warrants, options or derivatives of the Underwriter;

(j) Dr. Yu, an executive Director, held 13,299,484 Share Options and through the Underwriter, held 275,006,184 Shares. Opulent has taken up its assured entitlement of 91,668,728 Shares under the First Open Offer and has pledged 91,668,728 Shares to Maxx Capital Finance Limited, an Independent Third Party. Each of the two independent non-executive Directors namely Dr. Lam Lee G. and Mr. Wu Tak Leung, held Share Options to subscribe for 1,096,774 Shares. Save as aforesaid, none of the Directors was interested in or had during the Relevant Period dealt for value in the shares, convertible securities, warrants, options or derivatives of the Company. Save that Dr. Yu, an executive Director, is the sole shareholder of the Underwriter, none of the Directors was interested in or had during the Relevant Period dealt for value in the shares, convertible securities, warrants, options or derivatives of Opulent;

(k) None of the subsidiaries of the Company, any pension fund of the Company or any of its subsidiaries, nor any adviser to the Company as specified in class (2) of the definition of associate in the Takeovers Code (excluding exempt principal traders) was interested in or had during the Relevant Period dealt for value in the shares, convertible securities, warrants, options or derivatives of the Company;

(l) Save that Opulent has taken up its assure entitlement of 91,668,728 Shares under the First Open Offer and has pledged 91,668,728 Shares to Maxx Capital Finance Limited, an Independent Third Party, none of the director of the Underwriter, the Underwriter and parties acting in concert with it had during the Relevant Period dealt for value in the shares, convertible securities, warrants, options or derivatives of the Company;

(m) Save that Opulent has taken up its assure entitlement of 91,668,728 Shares under the First Open Offer and has pledged 91,668,728 Shares to Maxx Capital Finance Limited, an Independent Third Party, no person that had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate in the Takeovers Code was interested in or had during the Relevant Period dealt for value in the shares, convertible securities, warrants, options or derivatives of the Company;

(n) No fund managers (other than exempt fund managers) managing funds on a discretionary basis which are connected with the Company was interested in or had during the Relevant Period dealt for value in the shares, convertible securities, warrants, options or derivatives of the Company;

(o) Opulent, of which the sole shareholder and director is Dr. Yu, who is the executive Director, had irrevocably undertaken to take up its assured entitlement pursuant to the Open Offer. Save for this, as at the Latest Practicable Date, no Director had irrevocably committed themselves to vote for or against the resolutions to be proposed at the EGM to approve the Open Offer and/or the Whitewash Waiver;

(p) None of the Company nor any Directors had borrowed or lent any shares, convertible securities, warrants, options or derivatives of the Company;

(q) No benefit will be given to any Director as compensation for loss of office in any member of the Group or otherwise in connection with the Open Offer and/or the Whitewash Waiver;

(r) There was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Open Offer and the Whitewash Waiver or otherwise connected with the Open Offer and the Whitewash Waiver;

(s) Save that the Underwriter may arrange for the sub-underwriting of the Underwritten Shares, as at the Latest Practicable Date, the securities to be acquired by Opulent, Dr. Yu and parties acting in concert with any of them in pursuance of the Open Offer will not be transferred, charged or pledged to any other persons;

(t) There was no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of any member of the Concert Party Group and which might be material to the Open Offer, and

(u) Save for the Underwriting Agreement, there was no material contract entered into by the Underwriter in which a Director had a material personal interest.

6. LITIGATION

During the year ended 31 March 2008, three libel actions were brought by a company and an individual against the Group in respect of the publication of words alleged to be defamatory of and concerning the plaintiffs contained in certain articles published at the Group's website. The Directors believed that the Group had meritorious defence against such claims and accordingly, the Directors did not believe that these claims would have any material adverse effect on the Group.

As at the Latest Practicable Date, save for the above, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors nor their respective associates had any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

8. DIRECTORS' SERVICE CONTRACTS

The Company and the Directors named below entered into service contracts within the period commencing six months preceding the date of the Announcement and ending on the Latest Practicable Date, particulars of which are as follows:

Name	Date of contract	Term of contract	Annual director fee/ salary
LAM Ka Wai, Graham	5 August 2009	5 August 2009 to 4 August 2011	HK$60,000
LIN Peng, Ben	16 June 2009	16 June 2009 to 15 June 2011	HK$960,000

Mr. LIN Peng, Ben has entered into an employment agreement with the Company on 5 January 2009 as the Chief Operating Officer of the Company, pursuant to which his annual salary was HK$960,000 (being the same under the service contract dated 16 June 2009 as a Director) and without a fixed term. Save as disclosed above, there is no service contract with the Company or any of its subsidiaries or associated companies in force for the Directors (i) which is not expiring or terminable by the Group within one year without payment of compensation (other than statutory compensation); (ii) which (including both continuous and fixed term contracts) has been entered into or amended within 6 months before the date of the Announcement; (iii) which is continuous contract with a notice period of 12 months or more; or (iv) which is fixed term contract with more than 12 months to run irrespective of the notice period.

9. MATERIAL CONTRACTS

The following contracts (not being a contract entered into in the ordinary course of business) have been entered into by members of the Group within two years immediately preceding the date of the Announcement and up to the Latest Practicable Date and is or may be material:

(a) the Underwriting Agreement;

(b) Irrevocable Undertakings;

(c) the underwriting agreement dated 29 April 2009 entered into between the Company and Opulent in relation to the First Open Offer;

(d) An irrevocable undertakings dated 29 April 2009 given by Dr. Yu to Opulent and the Company in relation to the First Open Offer; and

(e) the agreement dated 24 September 2008 entered into between Huang Shouxiang, a then PRC employee of the Group (as vendor) on behalf of the Company, and Guo Yu, Cai Quoping, Liu Xiaoren, 杭州理想投資管理有限公司 (Hangzhou Lixiang Investment Management Limited*) (as purchasers) in relation to the disposal of

* *for identification purpose only*

Hangzhou Tianchang Network Technology Company Limited (杭州天暢網絡科技有限公司), a wholly-owned subsidiary of a non wholly-owned subsidiary of the Company at a consideration of RMB20.0 million (approximately HK$23.0 million). The purchasers are third parties independent of the Group and its connected persons (as defined in the GEM Listing Rules).

Save as disclosed above, there are no other contracts (not being contracts in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) entered into after the date falling two years prior to the date of the Announcement, which are or may be material.

10. EXPERTS AND CONSENTS

(a) The following are the qualifications of the experts who have given their opinions and advice which are included in this circular:

Name	Qualifications
HLB Hodgson Impey Cheng ("HLB")	Chartered Accountants Certified Public Accountants
Dynasty Premium Asset Valuation & Real Estate Consultancy Limited ("Dynasty Premium")	Chartered Surveyor
Bridge Partners	a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

(b) None of HLB, Dynasty Premium and Bridge Partners has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(c) None of HLB, Dynasty Premium and Bridge Partners has withdrawn its written consent to the issue of this circular with the inclusion of the references to its name and/or its opinion in the form and context in which they are included.

(d) None of HLB, Dynasty Premium and Bridge Partners had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 March 2009, being the date to which the latest published audited financial statements of the Group were made up.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on any business day from the date of this circular up to and including the date of the EGM during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays and public holidays) at the principal office of the Company at Suite 505–506, 5th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central, Hong Kong, and will also be available on the websites of the Company at www.finet.hk and the SFC at http://www.sfc.hk:

(a) the memorandum and articles of association of each of the Underwriter and the Company;

(b) the material contracts referred to under the paragraph headed "MATERIAL CONTRACTS" in this Appendix V and the respective circular (if applicable) in relation to the material contracts;

(c) the service contracts referred to under the paragraph headed "DIRECTORS' SERVICE CONTRACTS" in this Appendix V;

(d) the annual reports of the Company for the three financial years ended 31 March 2009;

(e) the accountants' report from HLB on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this circular;

(f) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 31 to 32 of this circular;

(g) the letter of advice from Bridge Partners, the text of which is set out on pages 33 to 48 of this circular;

(h) the valuation report of the property interests held by the Group, the text of which is set out in Appendix III to this circular; and

(i) the consent letters from Bridge Partners, Dynasty Premium and HLB referred to in the paragraph headed "EXPERTS AND CONSENTS" in this Appendix V.

12. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

DR. YU GANG, GEORGE, aged 44, serves as the chairman, chief executive officer, and compliance officer of the Group and is responsible for leading the Group's overall strategic planning and development. Prior to joining the Group in December 1999, Dr. Yu had gathered years of banking experience when he was with Goldman Sachs (Asia) L.L.C. in Hong Kong and J.P. Morgan Securities, Inc. in New York. Dr. Yu later joined the University of Hong Kong as an Assistant Professor of Finance for three years. Dr. Yu graduated with a Ph.D. degree in Finance from the Stern School of

Business, New York University in the U.S. in 1993, a master's degree in Economics from the State University of New York in the U.S. in 1988, and a bachelor's degree in Mathematics from Sichuan University in the PRC in 1985.

MR. LIN PENG, BEN, aged 43, serves as the chief operating officer of the Group and responsible for the Group's daily operations. Mr. Lin has over 16 years of experience in banking and finance industry. Before joining the Group in January 2009, Mr. Lin had spent 8 years worked with Infocast Limited, a leading financial service provider, as their chief financial officer. Prior to joining Infocast Limited, Mr. Lin had worked for Min Xin Holdings Limited, a banking listed company in Hong Kong, and Vigour Fine Company Limited, an international financial investment company. Mr. Lin has extensive multi-national knowledge and practice in corporate finance, merger and acquisition, portfolio management, syndicated loan and bond issuance as well as financial servicing industry. Mr. Lin was educated both in PRC and North America. Mr. Lin graduated from Ivey School of Business, University of Western Ontario with MBA degree in 2000, and also graduated from Xiamen University in PRC in 1989 with Bachelor degree in Finance.

Independent Non-Executive Directors and Audit Committee of the Company

DR. LAM LEE G., aged 50, has been an independent non-executive director of the Group since April 2003. Dr. Lam holds a Bachelor of Science in Mathematics and Sciences, a Master of Science in Systems Science, and a Master of Business Administration, all from the University of Ottawa in Canada, a Post-graduate Diploma in Public Administration from Carleton University in Canada, a Post-graduate Diploma in English and Hong Kong Law and a Bachelor of Law (Hons) from Manchester Metropolitan University in the U.K., a PCLL in law (and has completed the Bar Course) from the City University of Hong Kong, and a Doctor of Philosophy from the University of Hong Kong. Dr. Lam has over 26 years of multinational general management, corporate governance, investment banking, and direct investment experience. A member of the Hong Kong Bar with a focus on corporate, commercial and financial law, Dr. Lam is Chairman of Monte Jade Science and Technology Association of Hong Kong, and serves as an independent or non-executive director of a number of publicly-listed companies in the Asia Pacific region. Having served as a Part-time Member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region for two terms, Dr. Lam is a Member of the Jilin Province Committee of the Chinese People's Political Consultative Committee (CPPCC), a Member of the Hong Kong Institute of Bankers, a Board Member of the East-West Center Foundation, a Member of the Young Presidents' Organization, a Fellow of the Hong Kong Institute of Directors and a Member of its Corporate Governance Committee, a Member of the General Council and the Corporate Governance Committee of the Chamber of Hong Kong Listed Companies, and a Visiting Professor at the School of Economics & Management of Tsinghua University in Beijing. He is a member of the Company's audit committee and chairman of the remuneration committee.

MR. WU TAK LUNG, aged 44, an independent non-executive director since February 2004, is currently a director and Head of Investment Banking of CSC Asia Limited. Mr. WU is also an independent non-executive director of China Water Industry Group Limited, Aupu Group Holding Company Limited, Neo-Neon Holdings Limited and iMerchants Limited and RBI Holdings Limited, all of which are listed on the Stock Exchange. Mr. Wu had worked in an international audit firm, Deloitte Touche Tohmatsu for five years, and was then employed by several listed and private companies in Hong Kong as head of corporate finance, chief financial officer and executive director. Mr. Wu obtained a master's degree in Business Administration jointly awarded by the University of Manchester and the University of Wales. Mr. Wu is a fellow member of the Association of Chartered Certified Accountants (ACCA), Hong Kong Institute of Chartered Secretaries (HKICS) and the Taxation Institute of Hong Kong (TIHK). He is also a full member of the Hong Kong Securities Institute (HKSI) and an associate member of the Hong Kong Institute of Certified Public Accountants (HKICPA). He is the chairman of the Company's audit committee.

MR. LAM KA WAI, GRAHAM, aged 41, graduated from the University of Southampton, England with a Bachelor of Science degree in Accounting and Statistics. He is a member of Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants. Mr. Lam is currently a Managing Director and Head of Corporate Finance of an investment bank and has around 15 years experience in investment banking as well as around 4 years experience in accounting and auditing. He is also the independent non-executive director of Cheuk Nang (Holdings) Limited (stock code: 131), Applied Development Holdings Limited (stock code: 519), China Fortune Group Limited (stock code: 290), ZZNode Technologies Company Limited (stock code: 2371), China Sonangol Resources Enterprise Limited (stock code: 1229) and Pearl Oriental Innovation Limited (stock code: 632), companies listed on the Main Board of The Stock Exchange of Hong Kong Limited; and China Railway Logistics Limited (stock code: 8089), a company listed on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

Senior Management

MS. NGAI FUNG KING, CARRIE, aged 41, is the director of finance and administration and company secretary of the Group, responsible for the Group's financial control, human resources management and corporate affairs. Ms. Ngai has over 16 years of experience in accounting, financial management and corporate secretarial work. She was with Coopers & Lybrand (now PricewaterhouseCoopers) for three years and worked as group chief accountant in The Swank Shop Limited from 1995 to 1999. Before joining the Group, Ms. Ngai spent two years with Christie's as the financial controller in Asia. Ms. Ngai received a professional diploma in Accountancy from Hong Kong Polytechnics in 1990. She is a fellow member of The Association of Chartered Certified Accountants.

Mr. JI DONG aged 41, is general manager of the Finet Shenzhen company and responsible for Shenzhen company's daily operations. Mr. Ji has over 18 years of experience in banking industry. Before joining the Group in August 2009, Mr. Ji had spent 2 years worked with Standard Charted Bank (China) Ltd. ("SCB"), as their SME transaction banking regional manager to cover south and west region in China. Prior joining SCB Mr. Ji had worked for China Everbright Bank for 4 years and China Merchants Bank for 10 years and China Construction Bank for 2 years. Mr. Ji has extensive multi-national knowledge and practice in corporate finance, trade finance, foreign exchange, cash management, portfolio management, syndicated loan, SME banking and branch management. Mr. Ji was educated in PRC. Mr. Ji graduated from South and West University of Finance and Economics with Master degree in Finance in 2000, and also graduated from Shanghai University of Finance and Economics in PRC in 1990 with Bachelor degree in Finance.

MS. SIU WING KEI, QUEENIE, aged 34, is the vice president of the Group and the chief executive officer of China Game, the Group's online game subsidiary. Ms. Siu held various senior management roles in corporate development, investor relations and marketing at the Group from 2005 to 2007. She participated in the Group's key corporate development activities including strategic planning, M&As and fund-raising. Prior to joining the Group, Ms. Siu spent about three years with Sino-i Technology Limited, a company listed in Hong Kong, as the marketing director and web business director of its China-based information services arm in Beijing. Ms. Siu graduated with a Master's degree in Commerce (Management of Technology) and a Master's degree in Logistics Management from the University of Sydney, Australia simultaneously in 2003.

MR. LI YAN QING, aged 37, is the president of China Game, the Group's online game subsidiary. Prior to joining China Game, Mr. Li founded T2CN Group, now a brand-name online game company in China, in 2003 and served as its president, where he led the operations and development of a number of reputable online games, including "Freestyle", "Neosteam" and "House of Flying Daggers". Mr. Li joined the online game joint venture of Sina.com and NCSoft Corporation in 2002 as the vice president and marketing director, responsible for the game operations of "Lineage", one of the most popular online games from Korea. He joined Netease.com Inc. as operations director in Shanghai to operate "Westward Journey II", one of the most successful games in China, "Priston Tale" and more other online games. Back in 1999, Mr. Li founded the largest PC game information portal, www.ali213.net. Mr. Li graduated with a bachelor degree in Clinical Medicine from Zhejiang University in 1996.

MR. ZHANG CHENG, AUGUST, aged 30, joined China game, the Group's online game subsidiary, as the chief technology officer in 2009. Mr. Zhang held a variety of senior roles in art and project coordination at EA Pandemic Los Angeles from 2007 to early 2009. During his tenure at EA Pandemic, Mr. Zhang successfully released a multi-platform triple A title game, "Lord of the Rings: Conquest", and also provided significant art and design support to the projects of "Mercenaries 2" and "Saboteur". Prior to that, he served at Groove in Toronto, Canada as the senior artist of "KungFu Deadly Arts" for approximately one year. In 2004 to 2006, Mr. Zhang worked in Germany and served as the team leader at Acony Games, the subsidiary of world-renowned Crytek, where he coordinated the team to leverage on such state-of-the-art engines as Cry engine and Unreal3 engine during the production of "Parabellum". Back in 2003 and 2004, Mr. Zhang was the art director at T2CN Group where he oversaw the art presentation of the group's MMORPG games for the China market. Mr. Zhang started his career in online games by founding DongYuan Animation Studio in China in 2001 to provide the outsourcing of artwork to online game developers including "Xian Jian Qi Xia Zhuan 3" for Taiwan-based Softstar.

13. PARTIES INVOLVED IN THE OPEN OFFER AND CORPORATE INFORMATION

Head office and principle place of business in Hong Kong	Suite 505–506, 5th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Registered office	Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Independent Financial Adviser	Bridge Partners Capital Limited Unit 605, 6/F Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Underwriter	Opulent Oriental International Limited P.O. Box 957 Offshore Incorporation Centre Road Town Tortola British Virgin Islands
Legal advisers	*On Hong Kong law* Stephenson Harwood & Lo 35th Floor, Bank of China Tower 1 Garden Road Central, Hong Kong *On Cayman Islands law* Conyers Dill & Pearman 2901 One Exchange Square 8 Connaught Place Central, Hong Kong

Auditors	HLB Hodgson Impey Cheng *Chartered Accountants* *Certified Public Accountants* 31/F, Gloucester Tower The Landmark, 11 Pedder Street Central, Hong Kong
Valuer	Dynasty Premium Asset Valuation & Real Estate Consultancy Limited *Chartered Surveyor* Suite 1901, 19th Floor, Nam Wo Building 148 Wing Lok Street Sheung Wan, Hong Kong
Principal banker	The Hongkong and Shanghai Banking Corporation Limited Level 10, HSBC Main Building 1 Queen's Road Central Hong Kong
Share registrars and transfer office	*Principal share registrar* Butterfield Fulcrum Group (Cayman) Limited Butterfield House 68 Fort Street, P.O. Box 705 Grand Cayman KY1-1107 Cayman Islands *Hong Kong branch share registrar* Computershare Hong Kong Investor Services Limited Rooms 1712–1716, 17th Floor Hopewell Centre 183 Queen's Road East Hong Kong
Authorised representatives	Dr. YU Gang, George Ms. NGAI Fung King, Carrie
Company secretary	Ms. NGAI Fung King, Carrie *FCCA*
Qualified accountant	Ms. NGAI Fung King, Carrie *FCCA*

Particulars of Directors

Name	Correspondence Address
Dr. YU Gang, George *(Executive Director)*	Suite 505–506, 5th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Mr. Lin Peng, Ben *(Executive Director)*	Suite 505–506, 5th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Dr. LAM Lee G. *(Independent Non-executive Director)*	Suite 505–506, 5th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Mr. WU Tak Lung *(Independent Non-executive Director)*	Suite 505–506, 5th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Mr. LAM Ka Wai, Graham *(Independent Non-executive Director)*	Suite 505–506, 5th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong

Particulars of Senior Management

Name	Correspondence Address
Ms. Ngai Fung King, Carrie	Suite 505–506, 5th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Mr. Ji Dong	Suite 505–506, 5th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Ms. Siu Wing Kei, Queenie	Suite 505–506, 5th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Mr. Li Yan Qing	Suite 505–506, 5th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Mr. Zhang Cheng, August	Suite 505–506, 5th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong

14. MISCELLANEOUS

(a) The registered office of the Underwriter is P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands and its correspondence address is Suite 505–506, 5th Floor, Low Block Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong. Dr. Yu, who is a party acting in concert with the Underwriter under the Takeovers Code, is the sole shareholder and director of the Underwriter. Dr. Yu's address is at Suite 505–506, 5th Floor, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.

(b) The English text of this circular shall prevail over their Chinese text in case of inconsistencies.

財華社
FINET

FINET GROUP LIMITED
財華社集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8317)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of the shareholders (the "**Shareholders**") of Finet Group Limited (the "**Company**") will be held at Suite 505–506, 5th Floor, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong on Friday, 30 October 2009 at 4:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions (the "**Resolutions**") as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT** subject to and conditional upon (i) the passing of Resolution No. 2 by the Independent Shareholders (as defined in a circular (the "**Circular**") of the Company dated 14 October 2009 of which this notice forms part, a copy of which is marked "A" and signed by the Chairman of this meeting for the purpose of identification); (ii) the Executive (as defined in the Circular) granting the Whitewash Waiver (as defined in the Circular) to Opulent (as defined in the Circular) and parties acting in concert with it and the satisfaction of any conditions attached to the Whitewash Waiver imposed by the Executive; (iii) the Listing Committee of the Stock Exchange (as defined in the Circular) granting approval for the listing of, and permission to deal in, the Offer Shares (as defined in the Circular); (iv) the filing and registration of all documents relating to the Open Offer (as defined in the Circular) as required by law to be filed or registered with the Registrar of Companies in Hong Kong in accordance with the Companies Ordinance (Chapter 32 of the Laws of Hong Kong); and (v) the obligations of the Underwriter (as defined in the Circular) becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreement (as defined in the Circular):

   (A) the issue by way of open offer of not less than 899,465,189 Offer Shares and not more than 996,424,048 Offer Shares to the Qualifying Shareholders (as defined in the Circular) on the basis of one Offer Share for every existing Share (as defined in the Circular) then held on the Record Date (as defined in the Circular) at the Subscription Price (as defined in the Circular) of HK$0.07 per Offer Share payable in full upon application and otherwise on the terms and conditions set out in the Circular be and is hereby approved;

(B) the Directors (as defined in the Circular) be and are hereby unconditionally and specifically authorised to allot and issue such number of new Shares (as defined in the Circular) as may be required to be allotted and issued pursuant to or in connection with the Open Offer (notwithstanding the same may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders) (the "**Special Mandate**") and in particular, the Directors be and are hereby authorised to make such exclusions and/or Excluded Shareholders (as defined in the Circular) as they deem necessary, desirable or expedient having regard to any restrictions or obligations under the articles of association of the Company or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong **AND THAT** the Special Mandate is in addition to, and shall not prejudice or revoke the general mandate to issue Shares granted to the Directors by the Shareholders at the annual general meeting of the Company held on 31 July 2009 or such other general or special mandate (s) to issue Shares which may from time tom time be granted to the Directors prior to the passing of this Resolution;

(C) the Underwriting Agreement and the transactions contemplated thereunder (including but not limited to the arrangements for taking up of the unsubscribed Offer Shares, if any, by the Underwriter) be and are hereby approved, confirmed and ratified;

(D) the arrangements for absence of excess application for the Offer Shares not validly applied for by the Qualifying Shareholders and the Underwriting Agreement which serves as the alternative arrangement in respect of the untaken Offer Shares under the Open Offer be and are hereby approved, confirmed and ratified; and

(E) the Directors be and are hereby authorised to do all things and acts and sign all documents which they consider desirable or expedient to implement and/or give effect to any matter relating to or in connection with the implementation of the Open Offer, the Underwriting Agreement and the transactions contemplated thereunder."

2. "**THAT** subject to the Executive granting the Whitewash Waiver to Opulent and parties acting in concert with it and the satisfaction of any conditions attached to the Whitewash Waiver imposed by the Executive, the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code (as defined in the Circular) waiving any obligations on the part of Opulent and parties acting in concert with it to make a mandatory offer to Shareholders to acquire Shares and other convertible securities of the Company other than those already owned by Opulent and parties acting in concert with it which would otherwise arise under Rule 26.1 of the Takeovers Code as a result of any allotment or issue of Shares pursuant to the fulfilment by Opulent and parties acting in concert with it of the obligations under the Underwriting Agreement and the Irrevocable Undertakings (as defined in the Underwriting Agreement) be and is hereby approved by the

Independent Shareholders **AND THAT** the Directors be and are hereby authorised to do all things and acts and sign all documents which they consider desirable or expedient to implement and/or give effect to any matter relating to or in connection with the Whitewash Waiver."

3. "**THAT** subject to and conditional upon completion of the Open Offer and the granting by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Consolidated Shares (as defined in the Circular):

   (A) every five issued and unissued Shares of par value HK$0.01 each in the share capital of the Company be consolidated into one Consolidated Share of par value HK$0.05 and such consolidation shall take effect at 9:30 a.m. on Monday, 30 November 2009;

   (B) the Consolidated Shares shall rank *pari passu* in all respects with each other in accordance with the Company's memorandum and articles of association;

   (C) all fractional Consolidated Shares will be disregarded and not be issued to the holders of the existing Shares but all fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company; and

   (D) the Directors be and are generally authorised to do all such acts and things and execute all such documents, including under the seal of the Company, where applicable, as they consider necessary or expedient to implement and give effect to the arrangements set out in this resolution."

4. "**THAT** Mr. Lam Ka Wai, Graham be and is hereby re-elected as an independent non-executive Director."

By Order of the Board
Yu Gang, George
Chairman

Hong Kong, 14 October 2009

Registered office:
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business:
Suite 505–506
5th Floor
Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Notes:

1. Every Shareholder entitled to attend and vote at the above meeting is entitled to appoint one or, if he is holder of more than one Share, more proxies to attend and vote instead of him. A proxy need not be a Shareholder.

2. A form of proxy for use at the above meeting is enclosed herewith.

3. Where there are joint holders of any Shares, any one of such persons may vote at the meeting personally or by proxy or by a duly authorised corporate representative (as defined in the articles of association of the Company), in respect of such Shares as if he was solely entitled thereto provided that if more than one of such joint holders be present at the meeting personally or by proxy or by a duly authorised corporate representative, the person whose name stands first on the register of Shareholders in respect of such Shares shall alone be entitled to vote in respect thereof.

4. To be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be deposited at the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude any member from attending and voting in person at the meeting or any adjournment thereof (as the case may be) should he so wishes and in such event, the instrument appointing the proxy shall be deemed to be revoked.

5. Shareholders are recommended to read the circular of the Company containing information concerning the resolutions proposed in this notice.