財華社
FINET

Annual Report 2006/2007

Finet Group Limited

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8317)

Characteristics of the Growth Enterprise Market ("GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of Finet Group Limited (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to Finet Group Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

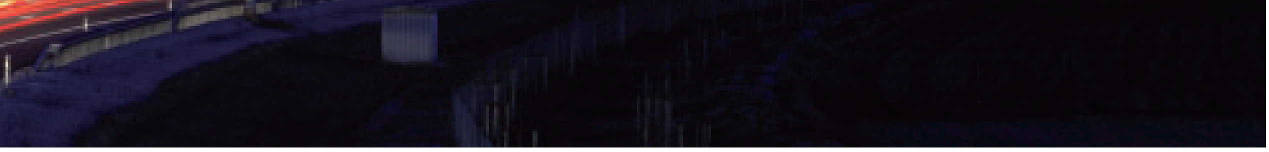
Contents

Corporate Profile

Finet Group Limited ("the Company" and together with its subsidiaries "the Group") is a foremost financial services provider in Greater China specializing in the provision of integrated information solutions to global Chinese investors. Finet propels the financial growth of institutions and individuals with our unique capacity to deliver comprehensive financial information and value-added services by utilizing advanced technology. Through the origination, aggregation and integration of cross-market news, data, reports and analytical tools in Chinese, Finet inspires Chinese investors across the world to access and capitalize on world financial markets, including the Greater China and U.S. equities, fixed income, foreign exchange and commodities markets.

Founded in 1998, Finet has made inroads into the PRC market through its Shenzhen, Shanghai and Beijing offices and local strategic partners. Finet extends the global reach via a network of international distribution platforms and business partners. Among Finet's shareholders are reputable and respectable organizations from across the world, they include T&C Group and Apollo Group in Japan, United Business Media/PR Newswire and Reader's Digest in the US and Europe.

Having great success and strong presence in Greater China, Finet has started to further expand its scope through diversification and identify growth opportunities of its business in China's Internet, Media and Mobile (IMM) sectors, the growth engine of China's new economy, and aiming to be a top IMM player in the forthcoming future.



Financial Highlights

	Year ended 31st March,	
	2007	**2006**
	HK$'000	*HK$'000*
Operating Results		
Revenue	32,127	29,245
Loss attributable to equity holders of the Company	(2,589)	(1,661)
	As at 31st March,	
	2007	**2006**
	HK$'000	*HK$'000*
Financial Position		
Total assets	63,403	38,404
Total liabilities	8,166	8,482
Net assets	55,237	29,922
Cash and bank deposits	37,036	18,632
	Year ended 31st March,	
	2007	**2006**
	HK cent	*HK cent*
Loss Per Share		
Basic	(0.50)	(0.34)
Diluted	N/A	N/A

Corporate Information

Board of Directors

Executive Director

Dr. YU Gang, George *(Chairman)*

Non-executive Directors

Dr. KWAN Pun Fong, Vincent
Mr. Brendan McMAHON

Independent Non-executive Directors

Dr. LAM Lee G.
Mr. WU Tak Lung
Mr. William HAY

Compliance Officer

Dr. YU Gang, George

Qualified Accountant

Ms. NGAI Fung King, Carrie
FCCA

Company Secretary

Mr. TSANG Kwok Wai, Simon
FCPA, FCCA

Authorized Representatives

Dr. YU Gang, George
Ms. NGAI Fung King, Carrie

Audit Committee

Mr. WU Tak Lung *(Chairman)*
Dr. LAM Lee G.
Mr. William HAY

Remuneration Committee

Dr. LAM Lee G. *(Chairman)*
Dr. YU Gang, George
Mr. WU Tak Lung

Auditors

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

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

Company Website

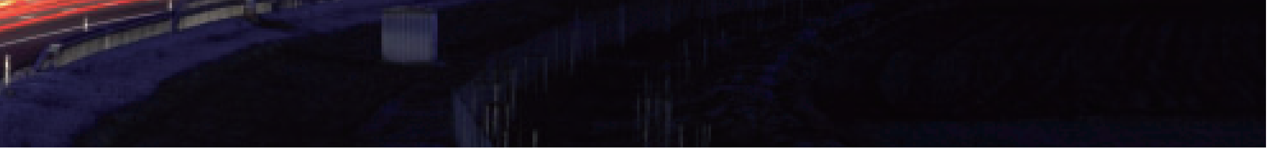
www.finet.hk

Principal Banker

The Hongkong and Shanghai Banking
Corporation Limited

Stock Code

8317



Statement from the Chairman and CEO

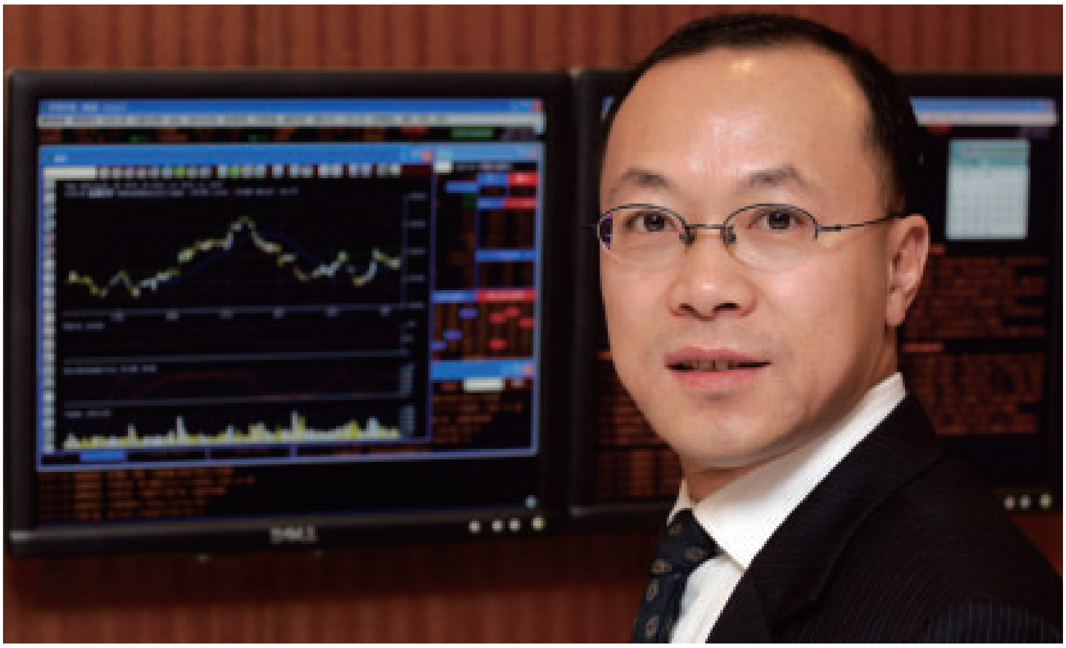


Photo Credit: Yazhou Zhoukan

To Our Shareholders:

2006 marked as an exciting year of Finet transitioning into a new era. While we continue to invest in financial information business, we solidify our presence in Greater China by expanding our team, upgrading our system, forming strategic alliance and acquiring corporate assets in order to deliver better, faster and more reliable services to our corporate clients and retail customers.

Strengthening Our Core

After being listed on GEM for over a year, we raised about HK$20 million in July 2006. The success of the placement signified the confidence and recognition of investors on Finet's commitment in financial information business and overall strategy in growing the company through investment and acquisition. The additional funding improved the group's capital flexibility to execute its acquisition and investment strategies, which target at companies or opportunities that will significantly expand the group's customer base. Since then, Finet has also intensified its search for potential targets in Mainland China to create substantial strategic opportunities and reinforce the group's growth.

To improve competitiveness and maintain our position as a leading Chinese financial information provider, we made a few investments in Hong Kong and China to improve the IT infrastructure. With the strategy of growing our business in China, we successfully completed the upgrade of the data center in Shenzhen by first quarter of 2007. We have increased the number of headcounts and hired more IT professionals in China. The additional manpower allowed us to shift part of our Hong Kong operation into lower-cost China offices and enabled the network system in China to operate independently and provide additional support to the Hong Kong office. At the end of 2006, we set up a contingency site in Hong Kong to make sure our clients would have minimum services disruption in case of emergency or possibly but unlikely breakdown in our systems. Our clients have substantially benefited from the investment and received smoother services while we increase productivity and efficiency with a lower cost structure in the long run.

Statement from the Chairman and CEO

Finet's team continues to research and develop new products and services for our growing client base. Being excel in providing Chinese financial information in text and report format, we have explored other multimedia options to deliver our content and reach out to more audience online. In May 2006, we launched our innovative "Finet Talk" channel（財華視頻）, the first of its kind in Greater China's online financial information sector, and broadcasted on Finet's website. On a daily basis, we interview finance experts and professionals from renowned brokerage firms and financial institutions to give market commentary and opinions on stocks, derivatives, bonds, foreign currencies, mutual funds and insurance products. We believe this new line of service will notably improve our brand and products awareness in both financial professional and individual investor communities.

Financial Highlights

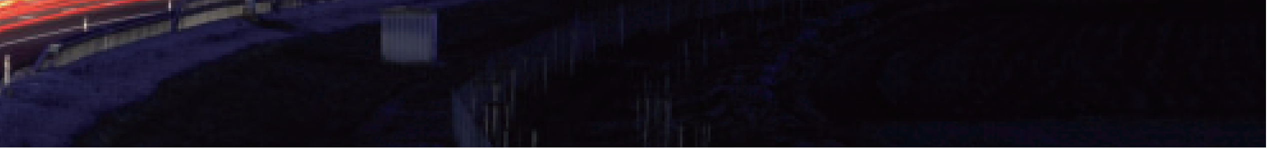
Following focused efforts of executing our business plan in financial information services, we achieved a strong growth in revenue which was up by 10% from HK$29.2 million in 2006 to HK$32.1 million in 2007. The surge in operating expenses from HK$22.0 million to HK$24.9 was mainly due to our effort in upgrading the platform and recruiting talents in China. The expanded capacity would sustain for the next few years. We expect to see the benefits from the investment reflected in the financial performance next year and achieve profitability.

Diversifying Our Business

We have precisely identified the promising opportunities in China's Internet related segment and establish the online Chinese financial information business. To broaden our scope of business and take the Group to the next stage, we would like to leverage our expertise and diversify into China's Internet, Media and Mobile (IMM) markets as our new mission for the near future. It is a very challenging task to find new opportunities and make prudent investment in such a versatile China market. We actively and cautiously look for the suitable partners or acquisition targets that can fit into our overall strategy.

We are excited that Google has become our new media strategic partner in 2006 and incorporated Google AdSense™ into our website which enhanced both our branding and revenue source. We also teamed up with Great Wise (大智慧), a very popular financial information platform in China with more than two million daily concurrent users, to jointly develop new products for the vibrant Chinese stock market. Besides having these new partners, we continue to possess strong strategic alliances and cooperation with global media and financial information services powerhouses, including Fortune, 21st Century Business Herald, Bloomberg, Dow Jones Newswires and PR Newswire.

In November 2006, Finet announced that it would acquire a 50% stake in China PRNews Limited ("PRNews.cn"), the No. 1 online media distribution network in China. The pending acquisition was the first deal sought by Finet in China's Internet space and catapulted our expansion into China's online media segment. PRNews' extensive online media network in China, consisting of over 100 top-tier online portals and a sizable database of over 5,000 reporter and media contacts, would be a great asset to establish another Internet platform for Finet in China. Through PRNews' media distribution network, we also hope to fulfill our corporate social responsibility to promote transparency in Chinese listed companies and build up the awareness of corporate governance among Chinese and overseas investors.



Statement from the Chairman and CEO

Going into New Era

Our achievements are resulted from the dedicated hard work and input from our staff, management and board of directors, here we would like to express our sincere appreciation for their efforts and contributions. We want to express our gratitude to our clients for their continued support in our services and we are committed to deliver better services and new products in the financial information business.

To enhance the stake value of our shareholders, we are getting ready to make our business more diverse and exploring sound investment opportunities in Greater China. Going forward, we will drive our investment strategy in China's IMM sectors to capitalize on the convergence and enormous profit potentials of these three market segments. We consider acquisitions and direct investments would provide us a more cost-effective way to access the local expertise, build up our operational platform to prosper from China's mainstream Internet and mobile value-added business and achieve profitability within a reasonable time frame.

We embrace changes and new ideas to make the company perform better and grow faster – Welcome to Our New Era!

Sincerely yours,

Dr. George Yu
Chairman & CEO

Management Discussion and Analysis

Financial Review

Turnover of the Group for the year ended 31st March, 2007 was approximately HK$32,127,000 (2006: HK$29,245,000), which represented an increase of approximately 10% as compared to the previous financial year. Turnover of the Group continued to experience steady growth during the year under review.

Other operating income of the Group for the year ended 31st March, 2007 was approximately HK$2,859,000 (2006: HK$1,749,000), which mainly comprised the gain on dealing in securities; bank interest income and management fee income.

Cost of sales of the Group for the year ended 31st March, 2007 was approximately HK$11,669,000 (2006: HK$9,584,000), representing an increase of approximately 22% as compared to the previous financial year. The increase in the cost of sales was mainly resulted in the increase in the sales. Cost of sales represented cost of financial information represented cost payable to various stock exchanges and information providers in connection with the provision of relevant services.

Selling expenses of the Group for the year ended 31st March, 2007 was approximately HK$380,000 (2006: HK$553,000), which represented a decrease of approximately 31% as compared to the previous financial year.

General and administrative expenses of the Group for the year ended 31st March, 2007 was approximately HK$24,939,000 (2006: HK$21,998,000), which represented an increase of approximately 13% as compared to the previous financial year. During the year ended 31st March, 2007, the Group incurred staff costs (including directors' emoluments) of approximately HK$13,473,000 (2006: HK$12,515,000), which represented an increase of approximately 8% as compared to the previous financial year and approximately 54% (2006: 57%) of the total general and administrative expenses. The increase in staff costs resulted from workforce expansion both in Hong Kong and the PRC.

Finance cost of the Group for the year ended 31st March, 2007 was approximately HK$257,000 (2006: HK$160,000), which represented the interest charges on bank loans for acquisition of the properties and the leasehold land and land use rights in the PRC.

No Hong Kong profits tax was paid for the year ended 31st March, 2007 (2006: Nil) as the Group had no assessable profit for the year. No PRC income tax was paid for the year ended 31st March, 2007 (2006: Nil) for a subsidiary of the Company incorporated in the PRC as it had no assessable profit for the year ended 31st March, 2007.

The audited consolidated loss attributable to equity holders of the Company for the year ended 31st March, 2007 was approximately HK$2,589,000 (2006: HK$1,661,000).

Business Development

The Group have precisely identified the promising opportunities in China's Internet related segment and establish the online Chinese financial information business. To broaden our scope of business and take the Group to the next phase, we would like to leverage our expertise and diversify into China's Internet, Media and Mobile (IMM) markets as our new mission for the near future.

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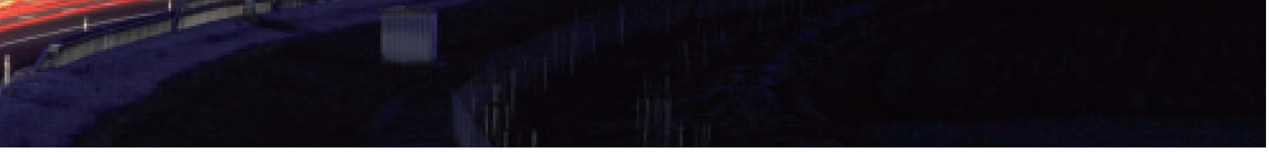


Management Discussion and Analysis

In May 2007, the Company announced its acquisition of Hangzhou Tianchang Network Technology Co. Ltd. (杭州天暢網絡科技有限公司) ("Tianchang"), a leading online game company in China with strong game development and operating capabilities. This is the first acquisition in China's massive multiple online role playing game ("MMORPG") sector. Through the acquisition, Finet immediately gains a solid foothold in China's fast growing online gaming market that has proven to be highly profitable and scalable, and reaches a key milestone in executing its Internet, Media and Mobile (IMM) growth strategy in China.

Liquidity and Financial Resources

	As at 31st March, 2007 HK$'000	As at 31st March, 2006 HK$'000	change
Net current assets	38,872	21,217	+83%
Total assets	63,403	38,404	+65%
Total liabilities	8,166	8,482	–4%
Total equity	55,237	29,922	+85%
Cash and bank deposits	37,036	18,632	+99%
Debts to equity ratio	0.15x	0.28x	–46%
Gearing ratio	0.07x	0.13x	–46%

As at 31st March, 2007, the total assets of the Group increased by approximately HK$24,999,000 to approximately HK$63,403,000 as compared to approximately HK$38,404,000 as at the end of the previous financial year, representing an increase of approximately 65%.

As at 31st March, 2007, the total liabilities of the Group decreased by approximately HK$316,000 to approximately HK$8,166,000 as compared to approximately HK$8,482,000 as at the end of the previous financial year, representing a decrease of approximately 4%.

As at 31st March, 2007, the total equity of the Group increased by approximately HK$25,315,000 to approximately HK$55,237,000 as compared to approximately HK$29,922,000 as at the end of the previous financial year, representing an increase of approximately 85%.

During the year ended 31st March, 2007, the Group continued to maintain a high level of liquidity.

Gearing Ratio

As at 31st March, 2007, the Group's gearing ratio was approximately 7% (2006: 13%), based on total borrowings of approximately HK$3,633,000 (2006: HK$3,794,000) and total equity of the Company of approximately HK$55,237,000 (2006: HK$29,922,000).

Significant Investment Held

As at 31st March, 2007, the Group held financial assets at fair value through profit or loss of approximately HK$22,000 (2006: HK$612,000); available-for-sale financial assets of approximately HK$2,165,000 (2006: Nil); and financial liabilities at fair value through profit or loss of approximately HK$18,000 (2006: HK$346,000).

Management Discussion and Analysis

Acquisitions and Disposal of Subsidiaries

For the purpose of business development, the Group had increased the capital investment in Finet Group Technology (Shenzhen) Limited, being a wholly-owned subsidiary of the Company, by HK$10,000,000 and disposed of the 9.899% equity interest in Finet Pride Asset Management Limited (formerly known as Finet Investment Advisers Limited), being a subsidiary of the Company, for a cash consideration of HK$200,000 to an independent third party during the year ended 31st March, 2007. Save as disclosed above, the Group had no other acquisitions and disposals of subsidiaries during the year ended 31st March, 2007.

Charges of Assets

As at 31st March, 2007, the properties and the leasehold land and land use rights with an aggregate carrying value of HK$12,236,000 (2006: HK$8,047,000) were pledged as securities for the borrowing facilities of the Group.

Exposure to Fluctuation in Exchange Rates

The Group holds leasehold land and land use rights and buildings in RMB, call options classified under financial assets/liabilities at fair value through profit or loss and available-for-sales financial assets in Japanese Yen. The Group is therefore exposed to currency risks, as the value of the assets/liabilities will fluctuate due to change in exchange rates.

Contingent Liabilities

As at 31st March, 2007, the Group had no contingent liabilities (2006: Nil).

Staff

The Group had 75 (2006: 71) full-time employees in Hong Kong and the PRC as of 31st March, 2007.

During the year, the Group incurred staff costs (including directors' emoluments) of approximately HK$13,473,000 (2006: HK$12,515,000), representing approximately 54% (2006: 57%) of the total general and administrative expenses for the respective year.

Disclosure under Chapter 17 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange

The Directors confirmed that they were not aware of any circumstances which would give rise to disclosure requirement under Rules 17.15 to 17.21 of the rules governing the listing of securities on GEM of the Stock Exchange.

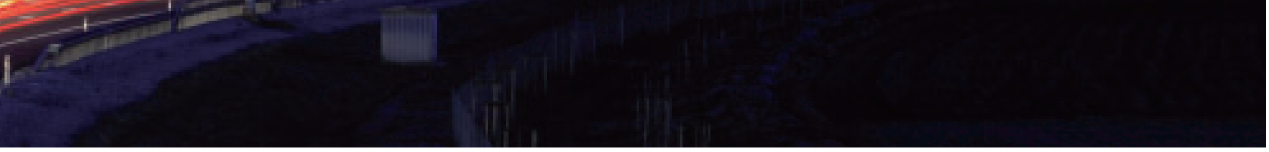
Comparison of Business Objectives with Actual Business Progress

The following is a comparison of the Group's business objectives as set out in the Company's prospectus dated 31st December, 2004 to the actual business progress for the six months ended 31st March, 2007. (Note: The comparison of the Group's business objectives with actual business progress for the six months ended 30th September, 2006 is available on the Company's 2006/2007 interim report dated 13th November, 2006.)

Business Objectives	Actual Business Progress
Enhancing the Group's business in the PRC	
■ Continue to promote the brand of Finet（財華社）and the Group's product and services through advertising on TV and newspapers and sponsorship on financial market related events in the PRC	■ Advertised with financial print media, including 21st Century Business Herald, China Securities News, Shanghai Securities News and Capital Circle（資本圈） to market our brand ■ Provided China financial news article and data and put up banner advertisement on China financial web sites: Sina.com, Tencent (QQ.com), P5w.net, China Finance Online (JRJ.com) and Stockstar.com to extend our presence in China ■ Exhibited and participated in the 4th Money Fair International Exposition in Shanghai; act as media partner in 21st Century Annual Conference of Chinese Capital Market Investment in 2006 and as media associate in ChinaVenture Annual Conference 2007
■ Continue to customize the features and functionalities of Finet PowerStation for the PRC users	■ Ongoing development of Finet PowerStation, including the introduction of "Mutual Fund Channel" on Finet PowerStation ■ Provided Stock Search Wizard to match the Chinese investors' preference
■ Continue to enhance the quality of China listed company database and macroeconomic statistics	■ Improved editing efficiency and data accuracy by using new entry system and formalizing procedures ■ Increased coverage on Hong Kong listed company database and built new databases for Chinese A-shares and US-listed Chinese companies（美股中國概念股） to meet increasing investors need
■ Continue to enhance ICP business development	■ Submitted proposal to enhance ICP business in China, the project is expected to be completed by 2007
■ Continue to expand the workforce at FGTL by employing additional 8 technology and product developers; 5 content developers; and 2 sales and marketing professionals	■ Expanded the manpower on an ongoing basis, including 11 employees in project and technology development team, 9 in product development team, 15 in content development team, and 10 sales executives in Beijing, Shanghai and Shenzhen
■ Continue to develop the data servers and IT infrastructure in Shenzhen, Shanghai and Beijing	■ Added 7 data servers and assigned IT professionals to serve local regions in Shenzhen, Beijing and Shanghai ■ Implemented a new data entry system and improved the editing and data processing capability ■ Internally developed and launched a customer relationship management system

Comparison of Business Objectives with Actual Business Progress

Business Objectives	Actual Business Progress
Enhancing the Group's technology and product development capabilities and IT infrastructure	
■ Continue to strengthen and upgrade the database and datafeed storage systems	■ Upgraded the data feed system to accommodate the growth of data sources
■ Continue to upgrade the network and system capacity and security level	■ Increased the capacity and stability by implementing the distributed data centre architecture with the establishment of the second data centre
■ Continue to conduct the content and database reengineering project	■ Adopted the latest AJAX technology and market practice to enhance the product performance and feature
Enhancing the Group's content development capabilities	
■ Continue to enhance the features and functionalities of Finet PowerStation	■ Added more content and analytical tools, including Warrants Statistics Data, Quote SMS, NASDAQ China companies, Experts Commentary, News Speech, Finet Desktop, Financial Calculator and Finet Stock Ratings ■ Launched "Online Trading Channel"（網上交易功能), users can access brokerage firm trading system via Finet PowerStation platform, which encouraged investors' usage of financial information in making decision for stock transaction ■ Delivered "Finet Email Wizard"（財華電郵精靈), allowing users to check emails on Finet PowerStation and communicate with others easily
■ Continue to introduce new features and enhanced functionalities of Finet Web Products according to market demand	■ Added Google Adsense™ on the news content page and introduced "Finet Talk", an in-house daily production of video broadcast featured interviews with financial experts, to keep pace with the market demand ■ Registered the domain www.finet.hk and www.finet.cn and enhanced the back-end infrastructure for the web products to improve service reliability to end users in Hong Kong and mainland China
■ Continue to develop the web business through marketing campaigns and new subscription-based service offerings	■ Partnered with various online trading platforms to provide free Finet financial news headline and lead users to subscribe our news service in order to access the full stories
■ Continue to solicit the US, China, Hong Kong, Taiwan and Singapore financial information and data such as news, database, and equity market data aggregation for FITS, Finet PowerStation and the Group's website	■ Increased coverage on Hong Kong listed company database and built new databases for Chinese A-shares and US-listed Chinese companies（美股中國概念股） to meet increasing investors need ■ Launched "Online Trading Channel"（網上交易功能), users can access brokerage firm trading system and place order via Finet PowerStation platform, which encouraged investors' usage of financial information in making decision for stock transaction



Comparison of Business Objectives with Actual Business Progress

Business Objectives	Actual Business Progress
Strengthening the Group's sales and marketing efforts	
■ Continue to promote the brand of Finet（財華社）through advertising on newspapers and magazines and sponsorship on financial market related events	■ Advertised with financial print media, including 21st Century Business Herald, China Securities News, Shanghai Securities News and Capital Circle（資本圈）to market our brand ■ Exhibited and participated in the 4th Money Fair International Exposition in Shanghai; acted as the media partner in 21st Century Annual Conference of Chinese Capital Market Investment in 2006 and as media associate in ChinaVenture Annual Conference 2007
■ Continue to carry out advertising on financial newspapers and seminars to promote the Group's products	■ Advertised with financial print media, including 21st Century Business Herald, China Securities News, Shanghai Securities News and Capital Circle（資本圈）to market our brand ■ Provided China financial news article and data and put up banner advertisement on China financial web sites: Sina.com, Tencent (QQ.com), p5w.net, China Finance Online (JRJ.com) and Stockstar.com to promote the Group's brand and terminal products
■ Continue to increase the market share of FITS, Finet PowerStation and Finet Web Products in Hong Kong by direct marketing and sales	■ Built up the standard program structure for enhancing the development efficiency for the upcoming FITS projects ■ Enhanced the back-end infrastructure for Finet products and subscribed additional market data connections in order to improve the service quality and reliability, in turn lowered the churn rate of customers
■ To solicit qualified distribution agents for marketing the Group's services in Taiwan and Singapore	■ Aligned with 2 additional marketing agents for re-distributing Finet information in Taiwan

Use of Proceeds

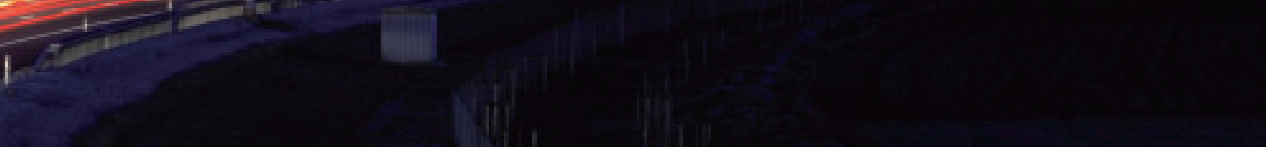
The actual use of proceeds for the six months ended 31st March, 2007 as compared to the proposed use of proceeds set out in the section headed "Use of Proceeds" of the Company's prospectus dated 31st December, 2004 is summarized as follows:

	Proposed *HK$'000*	Actual *HK$'000*
Expanding the Group's business into the PRC	1,500	1,648
Enhancing the Group's technology and product development capabilities and IT infrastructure	600	989
Enhancing the Group's content development capabilities	900	1,106
Strengthening the Group's sales and marketing efforts	600	613
Total	3,600	4,356

Notes:

1. The actual use of proceeds for the six months ended 30th September, 2006 as compared to the scheduled use of proceeds is available on the Company's 2006/2007 interim report dated 13th November, 2006.

2. The excess in the actual use of proceeds was financed by the unused funds in the similar purpose brought forward from previous periods and the working capital of the Company.



Board of Directors and Senior Management

EXECUTIVE DIRECTOR'S PROFILE

DR. YU GANG, GEORGE, aged 42, 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.

NON-EXECUTIVE DIRECTORS' PROFILE

DR. KWAN PUN FONG, VINCENT, aged 56, has joined the Group since October 2002. Dr. Kwan has been appointed as the acting dean and associate professor of Business and Management Division of United International College (jointly founded by Beijing Normal University and Hong Kong Baptist University) since March 2006. He is also the chief financial officer and new school premises project manager of Yew Chung Education Foundation in Hong Kong. Dr. Kwan graduated with a doctoral degree in Business Administration from the University of Western Sydney in Australia in 2004, a master's degree in Commerce from the University of Hitotsubashi in Japan in 1981, and a bachelor's degree in Social Sciences from the University of Hong Kong in 1973.

MR. BRENDAN MCMAHON, aged 47, has been a non-executive director of the Group since November 2006. Mr. McMahon sits on the board of a number of listed media and IT companies in Japan. He is also chairman of Diamond Agency, a leading advertising agency in Japan. Mr. McMahon is also a director of Tozai Capital, a private equity group specializing in East-West investments in IT, Media and Retail. He has extensive experience in branding and the telecommunications industry in Asia Pacific. Mr. McMahon holds a Master of Business Administration from Manchester Business School and is a graduate of the EU Executive Training Program in Japan.

INDEPENDENT NON-EXECUTIVE DIRECTORS' PROFILE

DR. LAM LEE G., aged 47, has been an independent non-executive director of the Group since April 2003. He 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 UK, and a Doctor of Philosophy from the University of Hong Kong. Dr. Lam has about 25 years of multinational general management, corporate governance, investment banking and direct investment experience. He is the chairman of Monte Jade Science and Technology Association of Hong Kong, and serves on the board of a number of publicly-listed companies in the Asia Pacific region. He is a member of the Hong Kong Institute of Bankers, a member of the Young Presidents' Organization, a fellow of the Hong Kong Institute of Directors and the China Institute of Directors, and a member of the General Council of the Chamber of Hong Kong Listed Companies.

Board of Directors and Senior Management

MR. WU TAK LUNG, aged 42, an independent non-executive director since February 2004, is currently a director of the corporate finance department of Wallbanck Brothers Securities (Hong Kong) Limited, an investment bank licensed by SFC in Hong Kong. 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 Glory Future Group Limited, all of which are listed on the Stock Exchange and an independent director of Sinobest Technology Holdings Limited, a Singapore-listed company. 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 in 2001. 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).

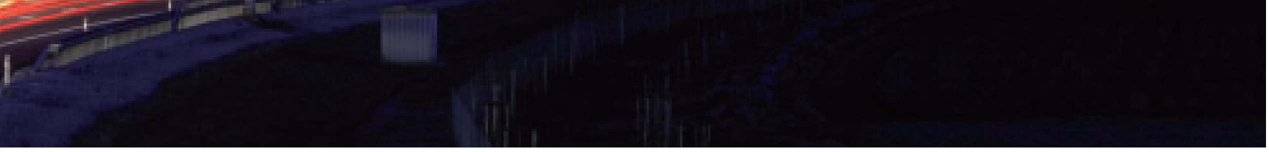
MR. WILLIAM HAY, aged 55, became an independent non-executive director of the Group in May 2006. Mr. Hay is a qualified solicitor in Hong Kong and lawyer in New York State. Mr. Hay was the general counsel of Colony Capital Asia Limited, the general counsel of GE Capital Asia Pacific and a partner of Lovells, one of the world's largest law firms. Mr. Hay had previously practised corporate and financial law in New York City for 13 years, and has resided in Hong Kong since 1995. Currently, Mr. Hay is the managing director of William Hay & Co, an investment company active in China. Mr. Hay received a B.A. from the University of California at Berkeley in the U.S. in 1973, an A.M. in East Asian Studies from Harvard University in the U.S. in 1978, and a J.D. from Harvard Law School in 1982.

SENIOR MANAGEMENT'S PROFILE

MR. CHAN HEI CHOI, WILSON, aged 46, joined the Group in May 2006. As the Group's chief operating officer responsible for aligning the Group's resources and maximizing the Group's execution power, Mr. Chan is well positioned to deploy his 20 years of sophisticated project experiences in the Internet technology, e-business and banking industries to achieve the Group's corporate objectives. Mr. Chan commenced his career in the HSBC for over nine years and subsequently spent three years with First Pacific Bank as assistant vice president. Mr. Chan graduated with Master of Arts in Electronic Business from City University of Hong Kong in 2002 and with Master of Business Administration from the University of South Australia in 1999.

MS. SIU WING KEI, QUEENIE, aged 32, is the vice-president of corporate development and investor relations, and responsible for identifying growth drivers of the Group with a focus on investment and mergers-and-acquisitions opportunities and managing investor relations. Prior to joining the Group in April 2005, 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. She is an accredited translator.

MS. KWAN LAI KING, ANGELA, aged 29, is the director of business development of the Group and is responsible for developing and executing the Group's information solutions business. With 9 years' experience in managing large-scale solution projects and all-round operational know-how within the Group, Ms. Kwan has played an integral part in building up the Group as the leading financial information provider in the region since she joined the Group in August 1999. Ms. Kwan received a bachelor's degree in Finance from the City University of Hong Kong in 1999.



Board of Directors and Senior Management

MS. NGAI FUNG KING, CARRIE, aged 39, is the director of finance and administration of the Group, responsible for the Group's financial control, human resources management and corporate affairs. Ms. Ngai has over 14 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.

MS. HUANG SHOU XIANG, SHIRLEY, aged 34, is the China operations director of the Group and has been with the Group since February 2001. Ms. Huang is responsible for daily operations in China, including overseeing key area such as sales & marketing and financial control. Prior to joining the Group, she spent about four years with East Dragon Trading (Shenzhen) Limited in China and served as the finance manager. Ms. Huang graduated from University of Science and Technology Beijing with a Bachelor of Science degree in Material Science in 1996.

Corporate Governance Report

Corporate Governance Practice

The Board is committed to maintaining a high standard of corporate governance. The corporate governance principles of the Company emphasize a quality board, sound internal control, transparency and accountability to all shareholders.

The Board has reviewed the Company's corporate governance practices and is of the opinion that the Company has met the code provisions set out in the Code of Corporate Governance Practices (the "CG Code") contained in Appendix 15 of the Listing Rules except that: (1) the roles of chairman and chief executive officer are not separate and are performed by the same individual; and (2) the non-executive Directors are not appointed for a specific term but are subject to retirement by rotation and re-election pursuant to the Company's articles of association (the "Articles").

Securities Transactions by Directors

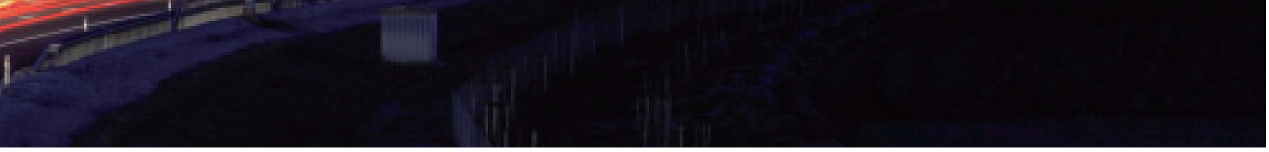
The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealing as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31st March, 2007. Having made specific enquiry of all Directors of the Company, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors of the Company.

Board of Directors

The composition of the Board and the biographical details of the Directors are set out in the Report of the Directors on pages 23 to 30 and the section headed "Board of Directors and Senior Management" on page 15 to 16 of this annual report.

During the year ended 31st March, 2007, the Board held four physical meetings and the attendance of the Directors is as follows:

Name of director	Number of attendance in person	% of attendance
Yu Gang, George	4/4	100%
Au Siu Lun, Allen (retired from office on 31st July, 2006)	1/1	100%
Man Kong Yui, Elton (appointed on 1st August, 2006 and resigned on 7th October, 2006)	1/1	100%
Kwan Pun Fong, Vincent	3/4	75%
Brendan McMahon (appointed on 6th November, 2006)	1/2	50%
Lam Lee G.	4/4	100%
Wu Tak Lung	4/4	100%
William Hay (appointed on 3rd May, 2006)	4/4	100%
Ng Ching Wo (resigned on 30th April, 2006)	Not applied	Not applied



Corporate Governance Report

In addition to physical meetings, the Board also approved matters by resolutions in writing from all the Directors.

The Board is responsible for the overall management of the Company in accordance with the Articles and is entitled to delegate its powers to any executive Director, committees of the Board and the management team. The Board is primarily responsible for approving and monitoring the Company's major corporate matters, the evaluation of the performance of the Company and oversight of the management.

Following the resignation of Mr. Ng Ching Wo as an independent non-executive Director with effect from 30th April, 2006, the Company appointed Mr. William Hay as an independent non-executive Director with effect from 3rd May, 2006 to fill the vacancy to comply with Rule 5.05 of the GEM Listing Rules.

The Company has received the annual confirmation of independence from all the independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules and considered them to be independent.

To the knowledge of the Directors, the Board members have no financial, business, family or other material/ relevant relationships with each other.

Chairman and Chief Executive Officer

The roles of the chairman and chief executive officer are performed by the same individual, Dr. Yu Gang, George. While serving as the chairman of the Company, Dr. Yu Gang, George leads the Board and is responsible for the proceedings and workings of the Board. He is also responsible for running the Company and executing strategies adopted by the Board. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board which comprises of experienced and professional individuals. Given the Company's current stage of development, the Board considers that vesting the role of chairman and chief executive officer in the same person facilitates the execution of the Company's business strategies and maximizes the effectiveness of its operations. However, the Board will review the existing structure from time to time.

Non-executive Directors and Retirement by Rotation

None of the non-executive Directors and the independent non-executive Directors of the Company is appointed for specific terms but are subject to the retirement by rotation provisions under the Articles.

Audit Committee

The Board established an audit committee with written terms of reference in accordance with Rules 5.28 of the GEM Listing Rules. The audit committee comprises three members who are independent non-executive Directors, namely, Mr. Wu Tak Lung, Dr. Lam Lee G. and Mr. William Hay (with Mr. Wu Tak Lung as the chairman thereof).

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

Corporate Governance Report

The audit committee met four times during the year ended 31st March, 2007 and the attendance of the members is as follows:

Name of member	Number of attendance in person	% of attendance
Wu Tak Lung	4/4	100%
Lam Lee G.	4/4	100%
William Hay	4/4	100%

During the year ended 31st March, 2007, the audit committee discharged its duties by reviewing the financial matters, quarterly, interim and annual financial reports and financial statements as well as audit matters of the Company, discussing with executive Directors, management and the auditors of the Company, and making recommendations to the Board.

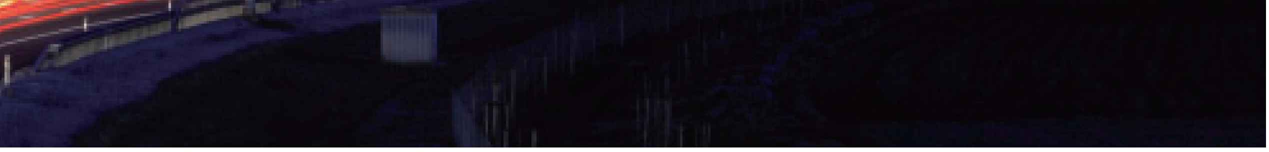
The audited financial statements for the year ended 31st March, 2007 have been reviewed by the audit committee.

Remuneration Committee

The committee comprises the executive Director, Dr. Yu Gang, George and two independent non-executive Directors, namely, Dr. Lam Lee G. and Mr. Wu Tak Lung (with Dr. Lam Lee G. as the chairman thereof). The principal responsibilities of the remuneration committee include the formulation of the Company's remuneration policy, the approval or recommendation of remuneration packages for the Directors and the senior management, and the review and approval of performance-based remuneration by reference to corporate goals and objectives.

According to the terms of reference, the remuneration committee should meet once a year. The remuneration committee met two times during the year ended 31st March, 2007 and the attendance of the members is as follows:

Name of member	Number of attendance in person	% of attendance
Yu Gang, George	2/2	100%
Lam Lee G.	2/2	100%
Wu Tak Lung	2/2	100%



Corporate Governance Report

Nomination of Directors

The Board has the power to appoint Director(s) pursuant to the Articles. In May 2006, the Board appointed Mr. William Hay as an independent non-executive Director after referral and consideration with reference to his experience, expertise and professional qualifications as well as the GEM Listing Rules' requirements. In August 2006, the Board appointed Mr. Man Kong Yui, Elton as an executive Director having considered his experience in financial industry. In November 2006, the Board appointed Mr. Brendan McMahon as a non-executive Director.

Auditor's Remuneration

The auditors provide audit and non-audit services to the Company during the year ended 31st March, 2007. The remuneration of the auditors for the provision of audit and non-audit services during the year under review is HK$268,000 and HK$35,000 respectively.

Preparation of Financial Statements

The respective responsibilities of the Directors and the auditors for preparing financial statements of the Company are set out in the Report of the Auditors on page 31 of the Annual Report.

Internal Controls

The Board has overall responsibility for the system of internal controls of the Company and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal control system to safeguard the interests of shareholders and the Company's assets.

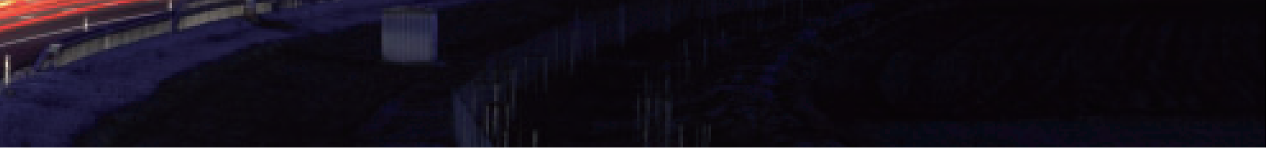
Information for Investors

Financial Calendar

2006/2007 First Quarterly Results Announced	14th August, 2006
2006/2007 Interim Results Announced	13th November, 2006
2006/2007 Third Quarterly Results Announced	9th February, 2007
2006/2007 Annual Results Announced	20th June, 2007
2006/2007 Annual General Meeting	27th July, 2007 by 4:00 p.m.

Information for Investors

Company Name	Finet Group Limited (財華社集團有限公司)
Traded	GEM of the Stock Exchange
Stock Code	8317
Registrars	***Principal share registrar and transfer office*** Butterfield Fund Services (Cayman) Limited Butterfield House, 68 Fort Street P.O. Box 705, George Town Grand Cayman, Cayman Islands British West Indies ***Hong Kong branch share registrar and transfer office*** Computershare Hong Kong Investor Services Limited 46th Floor, Hopewell Centre 183 Queen's Road East Hong Kong
Listing Date/ Price	7th January, 2005/HK$0.25
Financial Year End	31st March
Trading Currency	HKD
Authorized Shares	1,000,000,000 shares
Issued Shares	530,750,000 shares (as at 20th June, 2007)
Par Value	HK$0.01
Board Lot Size	10,000 shares
Enquiries	Ms. SIU Wing Kei, Queenie Investor Relations Tel: (852) 2153-7220 Fax: (852) 3106-0786 Email: ir@finet.com.hk



Report of the Directors

The Directors have the pleasure to present the annual report together with the audited financial statements of the Group for the year ended 31st March, 2007.

Principal Activities

The Company is an investment holding company. Its subsidiaries are principally engaged in the provision of financial services, information solutions services, and investment holding.

Results and Appropriations

Details of the Group's results for the year ended 31st March, 2007 are set out in the accompanying financial statements.

The Directors do not recommend the payment of any dividend.

Group Financial Summary

A summary of the published annual results and assets and liabilities of the Group since the listing of the Company are set out in the section headed "Financial Summary" on page 80 of this report.

Reserves

Movements in reserves of the Group and the Company during the year are set out in the Consolidated Statement of Changes in Equity on page 36 and Note 28 on page 76 to the accompanying financial statements.

The Company had reserves of approximately HK$32,911,000 (2006: HK$13,865,000) available for dividend distribution to shareholders as at 31st March, 2007.

Share Capital

Details of movements in share capital of the Company are set out in Note 26 to the accompanying financial statements.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the year ended 31st March, 2007 and up to the date of this report.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Articles of Association of the Company or the laws in the Cayman Islands.

Subsidiaries

Particulars of the Company's subsidiaries are set out in Note18 to the accompanying financial statements.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group and the Company are set out in Note 17 to the accompanying financial statements.

Report of the Directors

Borrowings and Interest Capitalized

Particulars of borrowings of the Group and the Company as at 31st March, 2007 are set out in Note 25 to the accompanying financial statements. No interest was capitalized by the Group during the year.

Biographical Details of Directors and Senior Management

Brief biographical details of Directors and senior management are set out on pages 15 to 17 of this annual report.

Directors

The Directors who held office during the year ended 31st March, 2007 and up to the date of this annual report were:

Executive Directors	
Dr. Yu Gang, George	
Mr. Au Siu Lun, Allen	(retired from office on 31st July, 2006)
Mr. Man Kong Yui, Elton	(appointed on 1st August, 2006 and resigned on 7th October, 2006)
Non-executive Directors	
Dr. Kwan Pun Fong, Vincent	
Mr. Brendan McMahon	(appointed on 6th November, 2006)
Independent Non-executive Directors	
Dr. Lam Lee G.	
Mr. Wu Tak Lung	
Mr. William Hay	(appointed on 3rd May, 2006)
Mr. Ng Ching Wo	(resigned on 30th April, 2006)

In accordance with Article 87(1) of the Company's Articles of Association, Dr. Yu Gang, George, Dr. Kwan Pun Fong, Vincent, Dr. Lam Lee G., and Mr. Wu Tak Lung will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

In addition, Mr. Brendan McMahon has indicated to the Company that he wishes to retire at the forthcoming annual general meeting and will not offer himself for re-election.

Emoluments of the Directors and the Five Highest Paid Individuals

Details of the Directors' emoluments and of the five highest paid individuals in the Group are set out in Note 14 and Note 15 to the accompanying financial statements respectively.

Directors' Service Agreements

The Company has entered into service agreement with Dr. Yu Gang, George for a term of two years commencing on 7th January, 2005 and shall continue thereafter until terminated by either party giving to the other not less than three months' written notice.

The Non-executive Directors of the Company are not appointed for specific terms but are subject to the retirement by rotation provisions under the Articles of Association of the Company.

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Report of the Directors

Directors' and Chief Executives' Interests

As at 31st March, 2007, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rules 5.46 of the GEM Listing Rules, were as follows:

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

Name of director	Number of shares: Direct interest	Number of shares: Interest of controlled corporation	Number of Underlying Shares (share options): Direct interest	Number of Underlying Shares (share options): Interest of controlled corporation	*Notes*	Total number of shares	% of shares in issue
Executive Director:							
Yu Gang, George	–	164,217,456	32,726,000	–	*(1)*	196,943,456	37.30%
Non-executive Directors:							
Kwan Pun Fong, Vincent	230,000	–	2,000,000	–		2,230,000	0.42%
Brendan McMahon	–	–	1,000,000	–		1,000,000	0.18%
Independent Non-executive Directors:							
Lam Lee G.	–	–	2,000,000	–		2,000,000	0.37%
Wu Tak Lung	–	–	2,000,000	–		2,000,000	0.37%
William Hay	–	–	1,000,000	–		1,000,000	0.18%

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

Name of associated corporation	Name of director	Number of shares: Direct interest	Number of shares: Interest of controlled corporation	*Notes*	% of shares in issue
Opulent Oriental International Limited	Yu Gang, George	100%	–	*(1)*	100%

Note:

1. Dr. Yu Gang, George was deemed (by virtue of the SFO) to be interested in 196,943,456 shares in the Company. These shares were held in the following capacity:

   (a) 164,217,456 shares were held by Opulent Oriental International Limited ("Opulent"), which is wholly-owned by Dr. Yu Gang, George; and

   (b) Dr. Yu Gang, George is directly interested in options carrying 32,726,000 underlying shares.

Report of the Directors

Save as disclosed above, as at 31st March, 2007, none of the Directors or chief executive of the Company nor their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rules 5.46 of the GEM Listing Rules.

Substantial Shareholders

As at 31st March, 2007, so far as the Directors are aware, persons other than Directors or chief executives of the Company who have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, were as follows:

	Number of shares				
Name of company	**Direct interest**	**Interest of controlled corporation**	*Notes*	**Total number of shares**	**% of shares in issue**
Substantial shareholders:					
Opulent Oriental International Limited	164,217,456	–		164,217,456	31.10%
Union Stars Group Limited	54,739,152	–	*(1)*	54,739,152	10.36%
Chang Wen Shiann	–	54,739,152	*(1)*	54,739,152	10.36%
Chang Hu Ching Yueh	–	54,739,152	*(1)*	54,739,152	10.36%
Other persons:					
T & C Holdings, Inc.	41,320,000	–		41,320,000	7.82%
Apollo Investment Co., Ltd.	31,180,000	9,180,000	*(2)*	40,360,000	7.64%
Nebulamart Limited	38,738,477	–	*(3)*	38,738,477	7.33%
United Business Media Plc.	–	38,738,477	*(3)*	38,738,477	7.33%

Notes:

1. 54,739,152 shares were held by Union Stars Group Limited ("USG"), which Mr. Chang Wen Shainn and Mrs. Chang Hu Ching Yueh hold 50% of the total voting rights respectively. Accordingly, all USG, Mr. Chang Wen Shainn and Mrs. Chang Hu Ching Yueh were deemed (by virtue of the SFO) to be interested in 54,739,152 shares in the Company.

2. Apollo Investment Co., Ltd. ("Apollo") was deemed (by virtue of the SFO) to be interested in 40,360,000 shares in the Company. These shares were held in the capacity that (a) 31,180,000 shares were held by Apollo as the beneficial owners; and (b) 9,180,000 shares were held by OA System Plaza Co., Ltd. which Apollo controlled 41.64% of the total voting rights.

3. 38,738,477 shares were held by Nebulamart Limited ("Nebulamart"), which is a wholly-owned subsidiary of United Business Media Plc. ("UMB"). Accordingly, both Nebulamart and UBM were deemed (by virtue of the SFO) to be interested in 38,738,477 shares in the Company.

Save as disclosed above, the Directors are not aware of other person who, as at 31st March, 2007, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Report of the Directors

Summary of the Share Option Schemes

A summary of the Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme is set out in Note 27 to the accompanying financial statements.

Details of Outstanding Options Granted

As at 31st March, 2007, options to subscribe for an aggregate of 48,471,000 underlying shares had been granted by the Company under the Pre-IPO Share Option Scheme adopted on 23rd July, 2004. Details of the outstanding options which have been granted and remaining unexercised under the Pre-IPO Share Option Scheme as at 31st March, 2007 are as follows:

Grantee	Date of grant	Exercise price	Outstanding as at 1st April, 2006	Exercised during the year	Lapsed during the year	Reclassified during the year	Outstanding as at 31st March, 2007
Pre-IPO Share Option Scheme:							
Directors							
Yu Gang, George	21st September, 2004	HK$0.15	27,726,000	–	–	–	27,726,000
Au Siu Lun, Allen *(Note 1)*	21st September, 2004	HK$0.15	3,800,000	(1,140,000)	–	(2,660,000)	–
Sub-total			31,526,000	(1,140,000)	–	(2,660,000)	27,726,000
Employee	21st September, 2004	HK$0.15	22,240,000	(2,965,000)	(1,190,000)	2,660,000	20,745,000
Total			53,766,000	(4,105,000)	(1,190,000)	–	48,471,000

Note:

1. Mr. Au Siu Lun, Allen retired from office on 31st July, 2006. Accordingly, the options held by him were reclassified to the pool of employee.

Report of the Directors

As at 31st March, 2007, options to subscribe for an aggregate of 27,000,000 underlying shares had been granted by the Company under the Share Option Scheme adopted on 16th December, 2004. Details of the outstanding options which have been granted and remaining unexercised under the Share Option Scheme as at 31st March, 2007 are as follows:

Grantee	Date of grant	Exercise price	Outstanding as at 1st April, 2006	Granted during the year	Exercised during the year	Lapsed during the year	Reclassified during the year	Outstanding as at 31st March, 2007
Share Option Scheme:								
Directors								
Yu Gang, George	6th December, 2006	HK$0.668	–	5,000,000	–	–	–	5,000,000
Kwan Pun Fong, Vincent	29th September, 2005	HK$0.365	1,000,000	–	–	–	–	1,000,000
	6th December, 2006	HK$0.668	–	1,000,000	–	–	–	1,000,000
Lam Lee G.	29th September, 2005	HK$0.365	1,000,000	–	–	–	–	1,000,000
	6th December, 2006	HK$0.668	–	1,000,000	–	–	–	1,000,000
Ng Ching Wo	29th September, 2005	HK$0.365	1,000,000	–	–	(1,000,000)	–	–
Wu Tak Lung	29th September, 2005	HK$0.365	1,000,000	–	–	–	–	1,000,000
	6th December, 2006	HK$0.668	–	1,000,000	–	–	–	1,000,000
Brendan McMahon	6th December, 2006	HK$0.668	–	1,000,000	–	–	–	1,000,000
William Hay	6th December, 2006	HK$0.668	–	1,000,000	–	–	–	1,000,000
Man Kong Yui, Elton (Note 1)	24th March, 2006	HK$0.830	–	–	–	(3,000,000)	3,000,000	–
Sub-total			4,000,000	10,000,000	–	(4,000,000)	3,000,000	13,000,000
Employee	5th September, 2005	HK$0.280	8,500,000	–	(1,650,000)	(3,850,000)	–	3,000,000
Employee	24th March, 2006	HK$0.830	3,000,000	–	–	–	(3,000,000)	–
Employee	6th December, 2006	HK$0.668	–	11,000,000	–	–	–	11,000,000
Sub-total			11,500,000	11,000,000	(1,650,000)	(3,850,000)	(3,000,000)	14,000,000
Total			15,500,000	21,000,000	(1,650,000)	(7,850,000)	–	27,000,000

Note:

1. Mr. Man Kong Yui, Elton was appointed as a director of the Company on 1st August, 2006. Accordingly, the options held by him were reclassified to the pool of directors.

Customers and Suppliers

For the year ended 31st March, 2007, the five largest customers accounted for approximately 48% (2006: 51%) of the Group's total turnover and the five largest suppliers of the Group accounted for approximately 76% (2006: 72%) of the Group's total cost of sales. The largest customer of the Group accounted for approximately 21% (2006: 24%) of the Group's total turnover while the largest supplier of the Group accounted for approximately 52% (2006: 45%) of the Group's total cost of sales.

None of the Directors, their associates, or any shareholders (which, to the knowledge of the Directors, owned more than 5% of the Company's share capital) had a beneficial interest in the Group's five largest customers and suppliers.

Directors' Interest in Contracts

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any of the Company's directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Report of the Directors

Significant Contracts

There was no contract of significance between the Company or its subsidiaries and a controlling shareholder or any of its subsidiaries subsisting during or at the end of the year. Furthermore, there was no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

Sponsor's Interests

As at 31st March, 2007, the Company's sponsor, Hantec Capital Limited ("Hantec"), its directors, employees or associates did not have any interest in the shares of the Company, or any right to subscribe for or to nominate persons to subscribe for the shares of the Company.

Pursuant to the sponsor's agreement dated 30th December, 2004 entered into between the Company and Hantec, Hantec receives a fee for acting as the Company's retained sponsor for the year from 7th January, 2005 to 31st March, 2007.

Confirmation of Independence by Independent Non-executive Directors

The Company confirms that it has received from each of the Independent Non-executive Directors an annual confirmation of his independence pursuant to Rules 5.09 of the GEM Listing Rules and considers, based on the confirmations received, the Independent Non-executive Directors to be independent.

Corporate Governance

The Company has published its Corporate Governance Report, details of which are set out on pages 18 to 21 of this annual report.

Competing Interests

None of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the year ended 31st March, 2007.

Report of the Directors

Auditors

On 31st May, 2005, Messrs. PricewaterhouseCoopers resigned as the auditors of the Company and Messrs. Grant Thornton were appointed on 1st June, 2005 by the Directors to fill the casual vacancy so arising.

On 25th April, 2007, Messrs. Grant Thornton resigned as the auditors of the Company and Messrs. HLB Hodgson Impey Cheng were appointed on 25th April, 2007 by the Directors to fill the casual vacancy so arising.

The accompanying financial statements have been audited by Messrs. HLB Hodgson Impey Cheng. A resolution for the re-appointment of Messrs. HLB Hodgson Impey Cheng as the auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board of Directors
Finet Group Limited

Yu Gang, George
Chairman

Hong Kong, 20th June, 2007

Independent Auditors' Report

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

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
FINET GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Finet Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 33 to 79, which comprise the consolidated and company balance sheets as at 31 March 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements
The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2007 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 20 June 2007

Consolidated Income Statement

For the year ended 31 March 2007

	Note	2007 HK$'000	2006 HK$'000
Revenue	5	32,127	29,245
Cost of sales		(11,669)	(9,584)
Gross profit		20,458	19,661
Other income and gains	6	2,859	1,749
Selling expenses		(380)	(553)
General and administrative expenses		(24,939)	(21,998)
Other operating expenses		(330)	(360)
Finance costs	8	(257)	(160)
Loss before income tax	9	(2,589)	(1,661)
Income tax expense	10	–	–
Loss for the year		(2,589)	(1,661)
Attributable to:			
Equity holders of the Company	11	(2,589)	(1,661)
Minority interest		–	–
		(2,589)	(1,661)
Loss per share for loss attributable to the equity holders of the Company during the year	12		
– Basic (in HK cent)		(0.50)	(0.34)
– Diluted (in HK cent)		N/A	N/A

Consolidated Balance Sheet

As at 31 March 2007

	Note	2007 HK$'000	2006 HK$'000
Non-current assets			
Leasehold land and land use rights	16	2,444	2,499
Property, plant and equipment	17	15,217	9,841
Available-for-sale financial assets	19	2,165	–
		19,826	12,340
Current assets			
Financial assets at fair value through profit or loss	20	22	612
Amount due from a related company	21	–	25
Accounts receivable	22	2,313	2,387
Prepayments, deposits and other receivables		4,206	4,408
Cash and cash equivalents	23	37,036	18,632
		43,577	26,064
Total assets		63,403	38,404
Current liabilities			
Accounts payable	24	1,987	1,539
Accruals and other payables		2,528	2,803
Financial liabilities at fair value through profit or loss	20	18	346
Borrowings	25	172	159
		4,705	4,847
Net current assets		38,872	21,217
Total assets less current liabilities		58,698	33,557
Non-current liabilities			
Borrowings	25	3,461	3,635
Net assets		55,237	29,922
Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital	26	5,279	4,980
Reserves	28	49,863	24,942
		55,142	29,922
Minority interest		95	–
Total equity		55,237	29,922

Yu Gang, George
Director

Kwan Pun Fong, Vincent
Director

Balance Sheet

As at 31 March 2007

	Note	2007 HK$'000	2006 HK$'000
Non-current assets			
Leasehold land and land use rights	16	2,444	2,499
Property, plant and equipment	17	9,792	5,548
Investments in subsidiaries	18	11,000	1,000
Available-for-sale financial assets	19	2,165	–
		25,401	9,047
Current assets			
Financial assets at fair value through profit or loss	20	22	352
Amounts due from subsidiaries	18	9,056	10,340
Prepayments, deposits and other receivables		219	182
Cash and cash equivalents	23	19,004	9,064
		28,301	19,938
Total assets		53,702	28,985
Current liabilities			
Accruals and other payables		153	586
Amounts due to subsidiaries	18	71	72
Financial liabilities at fair value through profit or loss	20	18	346
Borrowings	25	172	159
		414	1,163
Net current assets		27,887	18,775
Total assets less current liabilities		53,288	27,822
Non-current liabilities			
Borrowings	25	3,461	3,635
Net assets		49,827	24,187
Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital	26	5,279	4,980
Reserves	28	44,548	19,207
Total equity		49,827	24,187

Yu Gang, George
Director

Kwan Pun Fong, Vincent
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2007

		Reserves									
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Merger reserve** *HK$'000*	**Employee compensation reserve** *HK$'000*	**Translation reserve** *HK$'000*	**Property revaluation reserve** *HK$'000*	**Investment revaluation reserve** *HK$'000*	**Accumulated losses** *HK$'000*	**Total reserves** *HK$'000*	**Minority interest** *HK$'000*	**Total equity** *HK$'000*
Balance at 1 April 2005	4,938	76,477	4,870	1,284	–	–	–	(60,915)	21,716	–	26,654
Fair value gains on buildings *(Note17)*	–	–	–	–	–	2,384	–	–	2,384	–	2,384
Currency translation differences	–	–	–	–	10	–	–	–	10	–	10
Net income recognized directly in equity	–	–	–	–	10	2,384	–	–	2,394	–	2,394
Loss for the year	–	–	–	–	–	–	–	(1,661)	(1,661)	–	(1,661)
Total recognized income and expense for the year	–	–	–	–	10	2,384	–	(1,661)	733	–	733
Issue of shares under share option scheme *(Note 26)*	42	582	–	–	–	–	–	–	582	–	624
Employee share-based compensation *(Note 13)*	–	–	–	1,911	–	–	–	–	1,911	–	1,911
Exercise of share options *(Note 27)*	–	237	–	(237)	–	–	–	–	–	–	–
Balance at 31 March 2006 and 1 April 2006	4,980	77,296	4,870	2,958	10	2,384	–	(62,576)	24,942	–	29,922
Fair value gains:											
– Buildings *(Note 17)*	–	–	–	–	–	4,363	–	–	4,363	–	4,363
– Available-for-sale financial assets *(Note 19)*	–	–	–	–	–	–	500	–	500	–	500
Currency translation differences	–	–	–	–	131	–	–	–	131	–	131
Net income recognized directly in equity	–	–	–	–	131	4,363	500	–	4,994	–	4,994
Loss for the year	–	–	–	–	–	–	–	(2,589)	(2,589)	–	(2,589)
Total recognized income and expense for the year	–	–	–	–	131	4,363	500	(2,589)	2,405	–	2,405
Issue of shares under share option scheme *(Note 26)*	57	1,020	–	–	–	–	–	–	1,020	–	1,077
Issue of shares under subscription agreement *(Note 26)*	242	20,328	–	–	–	–	–	–	20,328	–	20,570
Share issue costs	–	(666)	–	–	–	–	–	–	(666)	–	(666)
Employee share-based compensation *(Note 13)*	–	–	–	1,834	–	–	–	–	1,834	–	1,834
Exercise of share options *(Note 27)*	–	308	–	(308)	–	–	–	–	–	–	–
Vested share options lapsed	–	–	–	(94)	–	–	–	94	–	–	–
Disposal of interest in a subsidiary	–	–	–	–	–	–	–	–	–	95	95
Balance at 31 March 2007	5,279	98,286	4,870	4,390	141	6,747	500	(65,071)	49,863	95	55,237

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 GEM of the Stock Exchange.

Consolidated Cash Flow Statement

For the year ended 31 March 2007

	Note	2007 HK$'000	2006 HK$'000
Cash flows from operating activities			
Loss before income tax		(2,589)	(1,661)
Adjustments for:			
– Depreciation of property, plant and equipment		1,715	1,303
– Amortization of leasehold land and land use rights		55	41
– Gain on disposal of interest in a subsidiary		(105)	–
– Interest income		(784)	(263)
– Finance costs		257	160
– Equity-settled share-based payments		1,834	1,911
Changes in working capital:			
– Financial assets at fair value through profit or loss		590	1,551
– Accounts receivable		74	(629)
– Prepayments, deposits and other receivables		202	(3,265)
– Amount due from a related company		25	–
– Financial liabilities at fair value through profit or loss		(328)	346
– Accounts payable		448	1,015
– Accruals and other payables		(275)	1,724
Cash generated from operations		1,119	2,233
Interest paid		(257)	(160)
Net cash generated from operating activities		862	2,073
Cash flows from investing activities			
Purchase of property, plant and equipment	17	(2,728)	(6,297)
Acquisition of leasehold land and land use rights	16	–	(2,540)
Acquisition of available-for-sale financial assets		(1,665)	–
Proceeds from disposal of property, plant and equipment		–	83
Disposal of interest in a subsidiary		200	–
Interest received		784	263
Net cash used in investing activities		(3,409)	(8,491)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	26	21,647	624
Share issue costs		(666)	–
Proceeds from bank loans		–	3,900
Repayment of bank loans		(161)	(106)
Net cash generated from financing activities		20,820	4,418
Net increase/(decrease) in cash and cash equivalents		18,273	(2,000)
Cash and cash equivalents at beginning of the year		18,632	20,622
Effect of foreign exchange rate changes, net		131	10
Cash and cash equivalents at end of the year	23	37,036	18,632

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

Finet Group Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the development, production and provision of financial information services and technology solutions to corporate clients and retail investors. The principal activity of the Company is investment holding. The principal activities and other particulars of its subsidiaries are set out in *Note 18*.

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, 5th Floor, 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 thousands of units of Hong Kong dollars (HK$'000) unless otherwise stated. These consolidated financial statements were approved and authorized for issue by the Board of Directors on 20 June 2007.

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. 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 buildings, available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss.

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*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) *Standards, amendments and interpretations effective in 2006 but not relevant to the Group's operations*

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2006 but are not relevant to the Group's operations:

- HKAS 19 (Amendment), Actuarial Gains and Losses, Group Plans and Disclosures;
- HKAS 21 (Amendment), Net Investment in a Foreign Operation;
- HKAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions;
- HKAS 39 (Amendment), The Fair Value Option;
- HKAS 39 and HKFRS 4 (Amendments), Financial Guarantee Contracts;
- HKFRS 6, Exploration for and Evaluation of Mineral Resources;
- HKFRS-Int 4, Determining whether an Arrangement contains a Lease;
- HKFRS-Int 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds;
- HK(IFRIC)-Int 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (effective for annual periods beginning on or after 1 December 2005); and
- HK(IFRIC)-Int 7, Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 1 March 2006).

(b) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group*

The following standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 May 2006 or later periods but that the Group has not early adopted:

- HKFRS 7, Financial Instruments: Disclosures and HKAS 1 (Amendment), Presentation of Financial Statements – Capital Disclosures (effective for annual periods beginning on or after 1 January 2007). HKFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to HKAS 1 requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. The Group will apply HKFRS 7 and the amendment to HKAS 1 from 1 April 2007;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

- HK(IFRIC)-Int 8, Scope of HKFRS 2 (effective for annual periods beginning on or after 1 May 2006). HK(IFRIC)-Int 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of HKFRS 2. The Group will apply HK(IFRIC)-Int 8 from 1 April 2007, but it is not expected to have a significant impact on the Group's financial statements;

- HK(IFRIC)-Int 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006). HK(IFRIC)-Int 10 prohibits the impairment losses recognized in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply HK(IFRIC)-Int 10 from 1 April 2007, but it is not expected to have a significant impact on the Group's financial statements;

- HK(IFRIC)-Int 11 – HKFRS 2, Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007). HK(IFRIC)-Int 11 states that share-based payment transactions in which an entity receives services as consideration for its own equity instruments shall be accounted for as equity settled. The Group will apply HK(IFRIC)-Int 11 in the financial year beginning 1 April 2007, and it is not expected to have any significant impact on the Group's financial statements; and

- HKFRS 8, Operating Segments (effective for annual periods beginning on or after 1 January 2009). HKFRS 8 provides for a new mechanism in the identification of reportable segments based on management reporting system. This standard also sets out criteria for the aggregation of two or more operating segments and the quantitative thresholds for segmental disclosures. The Group will adopt HKFRS 8 in the financial year beginning 1 April 2009, and it is not expected to have any impact on the Group's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(c) *Interpretations to existing standards that are not yet effective and not relevant to the Group's operations*

The following interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 June 2006 or later periods but are not relevant to the Group's operations:

- HK(IFRIC)-Int 9, Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 June 2006). HK(IFRIC)-Int 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. As none of the group entities have changed the terms of their contracts, HK(IFRIC)-Int 9 is not relevant to the Group's operations; and

- HK(IFRIC)-Int 12, Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008). HK(IFRIC)-Int 12 sets out general principles on recognizing and measuring the obligations and related rights in service concession arrangements, which involve private sector participation in the development, financing, operation and maintenance of governmental infrastructure. Since the Group is not involved in such arrangements, HK(IFRIC)-Int 12 is not relevant to the Group's operations.

2.2 Basis of consolidation

The consolidated financial statements incorporate 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

(a) *Subsidiaries (continued)*

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 income statement.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary 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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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 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 are reported as part of the fair value gain or loss. Translation difference 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 investment revaluation 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Foreign currency translation (continued)

(c) Group companies (continued)

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 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 is 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 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 the property revaluation reserve directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the property revaluation reserve 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 lease terms
Computer equipment	20%
Office equipment	20%
Furniture and fixtures	20%
Motor vehicle	20%

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Property, plant and equipment (continued)

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 income statement.

2.6 Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life or are not yet available for use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization 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). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose 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 classified 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. Loans and receivables are classified as trade and other receivables in the balance sheet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial assets (continued)

(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.

Regular 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 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 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 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 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 income statement as part of other income. Dividends on available-for-sale equity instruments are recognized in the income statement as part of other income when the Group's right to receive payments is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial assets (continued)

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 establishes 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 is 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 income statement) is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement.

2.8 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 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 income statement.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other financial institutions and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (if any).

2.10 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Trade payables

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

2.12 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 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.

2.13 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designed as at fair value through profit or loss is recognized initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with HKAS 18 Revenue.

2.14 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the 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, 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 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 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 subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a percentage of its payroll costs to the central pension scheme. The contributions are charged to the 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 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 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 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.

2.17 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 and 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) Income from advertisements on websites is recognized when the advertisements are placed.

(d) Sales revenue is recognized when the merchandise is delivered and title has passed.

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

(f) 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.

(g) Dividend income is recognized when the right to receive payment is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Operating leases (as lessee)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.19 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 holds leasehold land and land use rights and buildings in Renminbi ("RMB"), and call options classified under financial assets/liabilities at fair value through profit or loss in Japanese Yen. The Group is therefore exposed to currency risks, as the value of the assets/liabilities will fluctuate due to changes in exchange rates.

(ii) Price risk

The Group is exposed to equity securities price risk because investments held by the Group are classified on the balance sheet either as available-for-sale financial assets or as financial assets at fair value through profit or loss. The Group manages this exposure by maintaining a portfolio of investments with different risk profiles.

(iii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from its bank borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

Credit risk arises from the possibility that the counterparty to a transaction is unwilling or unable to fulfill its obligation with the results that the Group thereby suffers financial loss. The carrying amounts of amount due from a related company, accounts receivable, prepayments, deposits and other receivables, cash and cash equivalents included in the consolidated balance sheet represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk. The Group monitors the trade receivables on an ongoing basis and only trades with creditworthy third parties. In addition, all the Group's cash and cash equivalents are deposited with major banks located in Hong Kong and Mainland China. The Group has no significant concentrations of credit risk.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

3.2 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 fair value of financial instruments that are not traded in an active market is determined by using valuation techniques.

The carrying values less impairment provision of trade and other 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.

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.

Estimated fair value of share options

The fair value of share option granted was calculated using the Binomial valuation model based on the Group managements' significant inputs into calculation including the impact of vesting period, exit rate of employees, and estimated life of share options granted based on exercise restrictions and behavioral consideration, volatility of share price, weighted average share prices and exercise price of the share options granted. Furthermore, the calculation assumes nil future dividends.

Estimated fair value of buildings

The fair value of the buildings was calculated using the direct comparison valuation method which takes into account the direct similar sales transaction in the locality, especially within the same development or the building, as the basis of valuation analysis and comparison. Adjustments have been allowed for the discrepancies between the subject property and the similar comparables in respect of various factors including location, accessibility or condition.

Estimated fair value of derivative financial instruments

The Group determines the fair values of options by applying a valuation technique which incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. In applying valuation techniques, the Group uses estimates and assumptions that are consistent with available information about the estimates and assumptions that market participants would use in setting a price for the financial instruments.

5. REVENUE

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

	2007 *HK$'000*	2006 *HK$'000*
Service income from provision of financial information services	30,965	28,273
Advertising income	1,162	935
Sales of merchandise	–	37
	32,127	29,245

6. OTHER INCOME AND GAINS

	2007 *HK$'000*	2006 *HK$'000*
Fair value gain on financial assets and liabilities at fair value through profit or loss	648	1,310
Gain on disposal of interest in a subsidiary	105	–
Dividend income from listed investments in financial assets at fair value through profit or loss	16	14
Commission income	31	112
Interest income	784	263
Sundry income	1,275	50
	2,859	1,749

7. SEGMENT INFORMATION

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. In determining the Group's geographical segments, revenue is attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

(a) Primary reporting format - business segments

The Group is principally engaged in the development, production and provision of financial information services and technology solutions to corporate clients and retail investors. Accordingly, no separate business segment information is presented.

(b) Secondary reporting format - geographical segments

For the year ended 31 March 2007, over 90% of the Group's revenue is derived from customers located in Hong Kong. An analysis of the Group's assets and capital expenditure by geographical segments is as follows:

Carrying amounts of segment assets	**2007** *HK$'000*	**2006** *HK$'000*
People's Republic of China ("PRC")	22,141	8,238
Hong Kong	41,262	30,166
	63,403	38,404

Capital expenditure	**2007** *HK$'000*	**2006** *HK$'000*
PRC	256	5,756
Hong Kong	2,472	3,081
	2,728	8,837

8. FINANCE COSTS

	2007 *HK$'000*	**2006** *HK$'000*
Interest expense on bank borrowings not wholly repayable within five years	257	160

9. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2007 *HK$'000*	2006 *HK$'000*
Operating lease payments in respect of rented premises	1,089	1,199
Amortization of leasehold land and land use rights	55	41
Depreciation of property, plant and equipment	1,715	1,303
Net fair value loss on financial assets at fair value through profit or loss	330	360
Auditors' remuneration	268	274

10. INCOME TAX

The Company was incorporated in the Cayman Islands as an exempted company and, accordingly, is exempted from payment of Cayman Islands income tax.

The Company's subsidiary established in the British Virgin Islands is exempted from payment of the British Virgin Islands income tax.

No Hong Kong profits tax has been provided for the year ended 31 March 2007 (2006: Nil) as the Group had no assessable profit for the year.

No income tax was provided for the year ended 31 March 2007 (2006: Nil) for a subsidiary of the Company established in the PRC as the subsidiary had no assessable profit for the year.

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate of 17.5% (2006: 17.5%) as follows:

	2007 *HK$'000*	2006 *HK$'000*
Loss before income tax	(2,589)	(1,661)
Tax calculated at Hong Kong profits tax rate	(453)	(291)
Effect of different tax rate of the other jurisdictions	(132)	24
Income not subject to tax	(106)	(48)
Expenses not deductible for tax purposes	636	160
Tax effect of temporary differences not recognized	(498)	(216)
Utilization of previously unrecognized tax losses	(31)	(92)
Tax losses for which no deferred tax asset was recognized	584	463
Income tax expense	–	–

10. INCOME TAX (continued)

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 as at 31 March 2007 (2006: Nil). The Group's deferred tax assets not recognized in the financial statements are as follows:

	2007 *HK$'000*	2006 *HK$'000*
Tax losses	12,195	11,735
Accelerated depreciation allowance	(329)	(527)
Revaluation of properties	(2,510)	(715)
	9,356	10,493

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.

11. LOSS 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 HK$2,038,000 (2006: HK$1,970,000).

12. LOSS PER SHARE

The basic loss per share is calculated by dividing the loss attributable to equity holders of the Company for the year ended 31 March 2007 of HK$2,589,000 (2006: HK$1,661,000) by the weighted average number of 517,428,849 (2006: 494,450,384) ordinary shares in issue during the year.

The computation of diluted loss per share did not assume the exercise of the Company's share options outstanding during the years ended 31 March 2006 and 2007 since their exercise would result in a decrease in loss per share.

13. EMPLOYEE BENEFIT EXPENSES

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

	2007 *HK$'000*	2006 *HK$'000*
Wages and salaries	11,291	10,193
Equity-settled share-based payments	1,834	1,911
Pension costs – defined contribution plans	317	317
Others	31	94
	13,473	12,515

Notes to the Consolidated Financial Statements

14. DIRECTORS' REMUNERATION

The remuneration paid to every director of the Company for the years ended 31 March 2006 and 2007 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 2007					
Executive directors					
Yu Gang, George	–	792	12	800	1,604
Man Kong Yui, Elton *(Note (c))*	–	89	2	–	91
Au Siu Lun, Allen *(Note (b))*	–	140	4	86	230
Non-executive directors					
Kwan Pun Fong, Vincent	60	–	–	46	106
Brendan McMahon *(Note (d))*	25	–	–	35	60
Independent non-executive directors					
Ng Ching Wo *(Note (a))*	5	–	–	–	5
Lam Lee G.	60	–	–	46	106
Wu Tak Lung	60	–	–	46	106
William Hay *(Note (e))*	55	–	–	48	103
	265	1,021	18	1,107	2,411
Year ended 31 March 2006					
Executive directors					
Yu Gang, George	–	600	12	1,149	1,761
Au Siu Lun, Allen	–	420	12	157	589
Non-executive director					
Kwan Pun Fong, Vincent	60	–	–	24	84
Independent non-executive directors					
Ng Ching Wo	60	–	–	24	84
Lam Lee G.	60	–	–	24	84
Wu Tak Lung	60	–	–	24	84
	240	1,020	24	1,402	2,686

14. DIRECTORS' REMUNERATION (continued)

Notes:

(a) Resigned on 30 April 2006
(b) Retired from office on 31 July 2006
(c) Appointed on 1 August 2006 and resigned on 7 October 2006
(d) Appointed on 6 November 2006
(e) Appointed on 3 May 2006

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 (2006: Nil). None of the directors waived or agreed to waive any remuneration during the year (2006: 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.

15. FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year included one (2006: two) director whose emolument is reflected in the analysis presented above. The emoluments payable to the remaining four (2006: three) individuals during the year are as follows:

	2007 *HK$'000*	**2006** *HK$'000*
Basic salaries and allowances	1,937	1,189
Share-based payments	313	268
Discretionary bonus	71	–
Contributions to pension schemes	47	30
	2,368	1,487

The emoluments fell within the following bands:

	2007 **Number of individuals**	**2006** **Number of individuals**
Emolument bands		
Nil – HK$1,000,000	4	3

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 (2006: Nil).

16. LEASEHOLD LAND AND LAND USE RIGHTS

The Group's and the Company's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book value is analyzed as follows:

Group and Company

	2007 *HK$'000*	2006 *HK$'000*
Opening net book amount	2,499	–
Additions	–	2,540
Amortization for the year	(55)	(41)
Closing net book amount	2,444	2,499
Outside Hong Kong, held on a lease of between 10 to 50 years	2,444	2,499

Bank loans *(Note 25)* are secured by the above leasehold land and land use rights with carrying amount of HK$2,444,000 (2006: HK$2,499,000) as at 31 March 2007.

Notes to the Consolidated Financial Statements

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings HK$'000	Leasehold improvements HK$'000	Computer equipment HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
At 1 April 2005							
Cost	–	815	6,750	490	644	–	8,699
Accumulated depreciation	–	(815)	(4,278)	(463)	(597)	–	(6,153)
Net book amount	–	–	2,472	27	47	–	2,546
Year ended 31 March 2006							
Opening net book amount	–	–	2,472	27	47	–	2,546
Additions	3,216	795	1,509	376	201	200	6,297
Disposals	–	–	(83)	–	–	–	(83)
Depreciation	(52)	(179)	(909)	(69)	(67)	(27)	(1,303)
Revaluation	2,384	–	–	–	–	–	2,384
Closing net book amount	5,548	616	2,989	334	181	173	9,841
At 31 March 2006 and 1 April 2006							
Cost	–	795	8,066	381	212	200	9,654
Valuation	5,548	–	–	–	–	–	5,548
	5,548	795	8,066	381	212	200	15,202
Accumulated depreciation	–	(179)	(5,077)	(47)	(31)	(27)	(5,361)
Net book amount	5,548	616	2,989	334	181	173	9,841
Year ended 31 March 2007							
Opening net book amount	5,548	616	2,989	334	181	173	9,841
Additions	–	–	2,722	–	6	–	2,728
Depreciation	(119)	(280)	(1,157)	(76)	(43)	(40)	(1,715)
Revaluation	4,363	–	–	–	–	–	4,363
Closing net book amount	9,792	336	4,554	258	144	133	15,217
At 31 March 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

17. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Buildings *HK$'000*
Year ended 31 March 2006	
Opening net book amount	–
Additions	3,216
Depreciation	(52)
Revaluation	2,384
Closing net book amount	5,548
At 31 March 2006 and 1 April 2006	
Cost	–
Valuation	5,548
	5,548
Accumulated depreciation	–
Net book amount	5,548
Year ended 31 March 2007	
Opening net book amount	5,548
Depreciation	(119)
Revaluation	4,363
Closing net book amount	9,792
At 31 March 2007	
Cost	–
Valuation	9,792
	9,792
Accumulated depreciation	–
Net book amount	9,792

17. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group's and the Company's buildings were revalued on 31 March 2007 by Dynasty Premium Asset Valuation & Real Estate Consultancy Limited, an independent firm of chartered surveyors. The fair value of the buildings was calculated using the direct comparison valuation method which takes into account the direct similar sales transaction in the locality, especially within the same development or the building, as the basis of valuation analysis and comparison. Adjustments have been allowed for the discrepancies between the subject property and the similar comparables in respect of various factors including location, accessibility or condition. If the buildings were stated at the historical cost less accumulated depreciation, the carrying amount as at 31 March 2007 would be HK$3,045,000 (2006: HK$3,164,000). The revaluation surplus of HK$4,363,000 (2006: HK$2,384,000) was credited to the property revaluation reserve in equity.

Bank loans *(Note 25)* are secured by the above buildings with carrying amount of HK$9,792,000 (2006: HK$5,548,000) as at 31 March 2007.

18. INVESTMENTS IN SUBSIDIARIES

Company

	2007 *HK$'000*	**2006** *HK$'000*
Unlisted investments, at cost	11,000	1,000

18. INVESTMENTS IN SUBSIDIARIES (continued)

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. The directors consider that the carrying amounts approximate their fair values.

The following is a list of the Company's subsidiaries at 31 March 2007:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operations	Particulars of issued capital	Interest held
Finet Group (BVI) Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 ordinary share of US$1 each	100% (Direct)
Finet Group Technology (Shenzhen) Limited	PRC, wholly foreign owned enterprise with limited liability	Provision of financial information services in Mainland China	Registered capital of HK$11,000,000 *(Note (a))*	100% (Direct)
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 Pride Asset Management Limited (Formerly known as "Finet Investment Advisers Limited")	Hong Kong, limited liability company	Provision of investment advisory services in Hong Kong	1,000,098 ordinary shares of HK$1 each	90.101% (Indirect) *(Note (b))*
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 holding in Hong Kong	10,000 ordinary shares of HK$1 each	100% (Indirect)

18. INVESTMENTS IN SUBSIDIARIES (continued)

Notes:

(a) During the year ended 31 March 2007, the Company contributed additional capital of HK$10,000,000 to the registered capital of this subsidiary.

(b) On 29 March 2007, the Group entered into a disposal agreement with an independent third party to dispose of the 9.899% equity interest in Finet Pride Asset Management Limited (formerly known as "Finet Investment Advisers Limited") for a cash consideration of HK$200,000.

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Group and Company

	2007 *HK$'000*	**2006** *HK$'000*
Beginning of the year	–	–
Additions	1,665	–
Net gains transfer to equity	500	–
End of the year	2,165	–

There were no disposals or impairment provisions on available-for-sale financial assets in 2007 or 2006.

Available-for-sale financial assets include the following:

	2007 *HK$'000*	**2006** *HK$'000*
Equity securities listed in Japan	2,165	–
Market value of listed equity securities	2,165	–

The above available-for-sale financial assets are denominated in Japanese Yen.

20. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	2007 *HK$'000*	2006 *HK$'000*
Financial assets		
Equity securities listed in Hong Kong	–	260
Call options in listed equity securities	22	352
	22	612
Market value of listed equity securities	–	260
Financial liabilities		
Call options in listed equity securities	18	346

Company

	2007 *HK$'000*	2006 *HK$'000*
Financial assets		
Call options in listed equity securities	22	352
Financial liabilities		
Call options in listed equity securities	18	346

The above financial assets and financial liabilities are held for trading.

The call options in listed equity securities purchased by the Company and classified under financial assets at fair value through profit or loss have an exercise period from 3 October 2005 to 2 October 2007. The call options in listed equity securities sold by the Company and classified under financial liabilities at fair value through profit or loss have an exercise period from 3 October 2005 to 22 September 2007.

The Group determines the fair values of the call options by applying the Binomial valuation model which incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. In applying valuation techniques, the Group uses estimates and assumptions that are consistent with available information about the estimates and assumptions that market participants would use in setting a price for the financial instruments.

21. AMOUNT DUE FROM A RELATED COMPANY

Particulars of the amount due from a related company, Finet International Holdings Limited, disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance, are as follows:

Group

	Maximum amount outstanding during the year *HK$'000*	2007 *HK$'000*	2006 *HK$'000*
Finet International Holdings Limited	25	–	25

Dr. Yu Gang, George, a director of the Company, has beneficial interest in Finet International Holdings Limited.

The amount due from Finet International Holdings Limited was unsecured, interest-free and repayable on demand.

22. ACCOUNTS RECEIVABLE

The credit terms granted by the Group to its customers range from 10 days to 90 days. At 31 March 2007, the ageing analysis of the accounts receivable was as follows:

Group

	2007 *HK$'000*	2006 *HK$'000*
0 – 30 days	1,502	1,768
31 – 60 days	306	393
61 – 90 days	125	73
Over 90 days	380	153
	2,313	2,387

The directors consider that the carrying amounts of accounts receivable approximate their fair values.

23. CASH AND CASH EQUIVALENTS

	2007 HK$'000	2006 HK$'000
Group		
Cash at banks and in hand	37,036	18,632
Company		
Cash at banks and in hand	19,004	9,064

Cash at banks earns interest at floating rates based on daily bank deposit rates.

At the balance sheet date, the cash and bank balances of the Group denominated in RMB amounted to approximately HK$9,430,000 (2006: HK$120,000). 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.

24. ACCOUNTS PAYABLE

At 31 March 2007, the ageing analysis of the accounts payable was as follows:

Group

	2007 HK$'000	2006 HK$'000
0 – 30 days	823	1,094
31 – 60 days	497	164
61 – 90 days	150	90
Over 90 days	517	191
	1,987	1,539

The directors consider that the carrying amounts of accounts payable approximate their fair values.

25. BORROWINGS

Group and Company

	2007 *HK$'000*	2006 *HK$'000*
Secured bank loans – floating rates	3,633	3,794
The maturity of the bank loans is as follows:		
Within 1 year	172	159
Between 1 and 2 years	186	171
Between 2 and 5 years	640	591
Over 5 years	2,635	2,873
	3,633	3,794
Less: Amount due within one year shown under current liabilities	(172)	(159)
Amount due after one year shown under non-current liabilities	3,461	3,635

All bank loans were secured by the leasehold land and land use rights, and buildings of the Group *(Notes 16 and 17)*.

The interest rates (which are also equal to contracted interest rate) on the Group's floating rate bank loans are the PRC bank's prime lending rates minus 1.25% per annum. The maturity date of the bank loans is 22 July 2020, being 15 years from the draw down date.

The effective interest rate on the Group's floating rate bank loans is 6.75% per annum.

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

The directors consider that the carrying amounts of bank loans approximate their fair values.

26. SHARE CAPITAL

Ordinary shares of HK$0.01 each	2007 Number of shares	2007 Amount *HK$'000*	2006 Number of shares	2006 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	498,000,000	4,980	493,840,000	4,938
Issue of shares under share option scheme *(Notes (a) and (c))*	5,755,000	57	4,160,000	42
Issue of shares under subscription agreement *(Note (b))*	24,200,000	242	–	–
At end of the year	527,955,000	5,279	498,000,000	4,980

Notes:

(a) Share options were exercised by option-holders during the year ended 31 March 2007 to subscribe for a total of 5,755,000 shares in the Company by payment of subscription monies of approximately HK$1,077,000, of which approximately HK$57,000 was credited to share capital and the balance of approximately HK$1,020,000 was credited to the share premium account.

(b) Pursuant to a subscription agreement dated 30 June 2006, the Company issued and allotted a total of 24,200,000 new shares (the "Subscription Shares") at a subscription price of HK$0.85 per Subscription Share to the subscribers on 13 July 2006 (the "Subscription") following the completion of a placing agreement for the placing of 24,200,000 existing shares (the "Placing"). The Company raised a net sum of approximately HK$19.9 million through the Placing and the Subscription and the fund would be 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 29 July 2005.

(c) During the year ended 31 March 2006, the issued share capital of the Company was increased from approximately HK$4,938,000 to approximately HK$4,980,000 due to exercise of share options by the employees *(Note 27)*.

Notes to the Consolidated Financial Statements

27. SHARE-BASED EMPLOYEE COMPENSATION

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 2006:

Grantee	Date of grant	Exercise price	Exercise period	Outstanding as at 1 April 2005	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2006
Pre-IPO Share Option Scheme:							
Directors							
Yu Gang, George	21 September 2004	HK$0.15	*Note 1*	27,726,000	–	–	27,726,000
Au Siu Lun, Allen	21 September 2004	HK$0.15	*Note 1*	3,800,000	–	–	3,800,000
Sub-total				31,526,000	–	–	31,526,000
Employees	21 September 2004	HK$0.15	*Note 1*	41,850,000	(4,160,000)#	(15,450,000)*	22,240,000
Total				73,376,000	(4,160,000)	(15,450,000)	53,766,000

The weighted average share price of the Company during the period which the share options were exercised was HK0.544 cents.

* The 15,450,000 share options under the Pre-IPO Share Options Scheme lapsed upon the resignation of the employees of the Group.

27. SHARE-BASED EMPLOYEE COMPENSATION (continued)

The following table discloses movements of the share options granted under the Pre-IPO Share Option Scheme during the year ended 31 March 2007:

Grantee	Date of grant	Exercise price	Exercise period	Outstanding as at 1 April 2006	Exercised during the year	Lapsed during the year	Reclassified during the year	Outstanding as at 31 March 2007
Pre-IPO Share Option Scheme:								
Directors								
Yu Gang, George	21 September 2004	HK$0.15	*Note 1*	27,726,000	–	–	–	27,726,000
Au Siu Lun, Allen	21 September 2004	HK$0.15	*Note 1*	3,800,000	(1,140,000)	–	(2,660,000)	–
Sub-total				31,526,000	(1,140,000)	–	(2,660,000)†	27,726,000
Employees	21 September 2004	HK$0.15	*Note 1*	22,240,000	(2,965,000)#	(1,190,000)*	2,660,000	20,745,000
Total				53,766,000	(4,105,000)	(1,190,000)	–	48,471,000

\# The weighted average share price of the Company during period which the share options were exercised was HK0.968 cents.

* The 1,190,000 share options under the Pre-IPO Share Options Scheme lapsed upon the resignation of the employees of the Group.

† Mr. Au Siu Lun, Allen retired from office on 31 July 2006. Accordingly, the options held by him were reclassified to the pool of employees.

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.

27. SHARE-BASED EMPLOYEE COMPENSATION (continued)

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 2006:

Grantee	Date of grant	Exercise price	Exercise period	Granted during the year and outstanding as at 31 March 2006
Share Option Scheme:				
Directors				
Kwan Pun Fong, Vincent	29 September 2005	HK$0.365	*Note 2(a)*	1,000,000
Lam Lee G.	29 September 2005	HK$0.365	*Note 2(a)*	1,000,000
Ng Ching Wo	29 September 2005	HK$0.365	*Note 2(a)*	1,000,000
Wu Tak Lung	29 September 2005	HK$0.365	*Note 2(a)*	1,000,000
Man Kong Yui, Elton	24 March 2006	HK$0.830	*Note 2(e)*	3,000,000
Sub-total				7,000,000
Employee	5 September 2005	HK$0.280	*Note 2(b)*	3,000,000
Employee	5 September 2005	HK$0.280	*Note 2(c)*	4,300,000
Employee	5 September 2005	HK$0.280	*Note 2(d)*	1,200,000
Sub-total				8,500,000
Total				15,500,000

Notes to the Consolidated Financial Statements

27. SHARE-BASED EMPLOYEE COMPENSATION (continued)

The following table discloses movements of the share options granted under the Share Option Scheme during the year ended 31 March 2007:

Grantee	Date of grant	Exercise price	Exercise period	Outstanding as at 1 April 2006	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2007
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	–	–	–	1,000,000
	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
Ng Ching Wo	29 September 2005	HK$0.365	*Note 2(a)*	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
Man Kong Yui, Elton	24 March 2006	HK$0.830	*Note 2(e)*	3,000,000	–	–	(3,000,000)	–
Sub-total				7,000,000	10,000,000	–	(4,000,000)	13,000,000
Employee	5 September 2005	HK$0.280	*Note 2(b)*	3,000,000	–	–	–	3,000,000
Employee	5 September 2005	HK$0.280	*Note 2(c)*	4,300,000	–	(1,290,000)	(3,010,000)	–
Employee	5 September 2005	HK$0.280	*Note 2(d)*	1,200,000	–	(360,000)	(840,000)	–
Employee	6 December 2006	HK$0.668	*Note 3(d)*	–	2,000,000	–	–	2,000,000
Employee	6 December 2006	HK$0.668	*Note 3(d)*	–	3,000,000	–	–	3,000,000
Employee	6 December 2006	HK$0.668	*Note 3(d)*	–	1,500,000	–	–	1,500,000
Employee	6 December 2006	HK$0.668	*Note 3(a)*	–	2,000,000	–	–	2,000,000
Employee	6 December 2006	HK$0.668	*Note 3(a)*	–	2,500,000	–	–	2,500,000
Sub-total				8,500,000	11,000,000	(1,650,000)	(3,850,000)	14,000,000
Total				15,500,000	21,000,000	(1,650,000)#	(7,850,000)*	27,000,000

The weighted average share price of the Company during the period which the share options were exercised was HK0.665 cents.

* The 7,850,000 share options under the Share Options Scheme lapsed upon the resignation of the employees of the Group.

27. SHARE-BASED EMPLOYEE COMPENSATION (continued)

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%

The fair value of the share options granted during the year was HK$4,514,800 of which the Group recognized a share option expense of HK$785,666 during the year ended 31 March 2007.

27. SHARE-BASED EMPLOYEE COMPENSATION (continued)

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using a binomial model, take into account the terms and conditions upon which the share options were granted. The following table lists the inputs to the model used for the year ended 31 March 2007:

Expected volatility	46.50%
Risk-free interest rate	3.71%
Expected life of option	8 years

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

During the year ended 31 March 2007, employee share-based compensation of HK$1,834,000 (2006: HK$1,911,000) has been included in the consolidated income statement with a corresponding credit to the employee compensation reserve.

At 31 March 2007, the Company had 48,471,000 and 27,000,000 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 75,471,000 additional ordinary shares of the Company and additional share capital of HK$755,000 and share premium of HK$22,479,000 (before issue expenses).

28. 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.

28. RESERVES (continued)

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 2005	76,477	1,284	–	–	(61,461)	16,300
Fair value gains on buildings (Net income recognized directly in equity)	–	–	2,384	–	–	2,384
Loss for the year	–	–	–	–	(1,970)	(1,970)
Total recognized income and expense for the year	–	–	2,384	–	(1,970)	414
Issue of shares under share option scheme	582	–	–	–	–	582
Employee share-based compensation	–	1,911	–	–	–	1,911
Exercise of share options	237	(237)	–	–	–	–
Balance at 31 March 2006 and 1 April 2006	77,296	2,958	2,384	–	(63,431)	19,207
Fair value gains:						
– Buildings	–	–	4,363	–	–	4,363
– Available-for-sale financial assets	–	–	–	500	–	500
Net income recognized directly in equity	–	–	4,363	500	–	4,863
Loss for the year	–	–	–	–	(2,038)	(2,038)
Total recognized income and expense for the year	–	–	4,363	500	(2,038)	2,825
Issue of shares under share option scheme	1,020	–	–	–	–	1,020
Issue of shares under subscription agreement	20,328	–	–	–	–	20,328
Share issue costs	(666)	–	–	–	–	(666)
Employee share-based compensation	–	1,834	–	–	–	1,834
Exercise of share options	308	(308)	–	–	–	–
Vested share options lapsed	–	(94)	–	–	94	–
Balance at 31 March 2007	98,286	4,390	6,747	500	(65,375)	44,548

28. RESERVES (continued)

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.

29. OPERATING LEASE COMMITMENTS

As at 31 March 2007, the Group had commitments for future aggregate minimum lease payments under non-cancelable operating leases in respect of rented office premises as follows:

Group

	2007 *HK$'000*	2006 *HK$'000*
No later than 1 year	1,038	1,038
Later than 1 year and no later than 5 years	114	1,152
	1,152	2,190

The Group leases a property under an operating lease. The lease runs for a period of three years. The lease does not include any contingent rentals.

The Company had no operating lease commitment as at 31 March 2006 and 2007.

30. EVENTS AFTER THE BALANCE SHEET DATE

(a) On 8 May 2007, the Company entered into a sale and purchase agreement (the "Agreement") with Graceful Sincere Enterprises Limited and Sun Wishing Technology Limited (collectively referred to as the "Vendors"), and Mr. Guo Yu, Ms. Shi Mingping, Mr. Ning Zihai, Ms. Lu Jiangmei, Ms. Tang Xingqin, Mr. Cai Guoping and Ms. Zhang Huidi (collectively referred to as the "Vendors' Guarantors") pursuant to which the Company agreed to acquire the entire issued share capital of East Treasure Limited ("East Treasure") from the Vendors for an aggregate cash consideration of RMB150,000,000 (approximately HK$156,250,000), subject to adjustments pursuant to the Agreement (the "Acquisition").

East Treasure is a limited liability company incorporated in the Republic of Seychelles. It holds 100% of the equity interest in 杭州笑傲數碼科技有限公司 (Hangzhou Xiaoao Digital Technology Company Limited) ("Xiaoao"), a wholly foreign owned enterprise incorporated in the PRC. Xiaoao has entered into operative agreements with 杭州天暢網絡科技有限公司 (Hangzhou Tianchang Network Technology Company Limited), a limited liability company incorporated in the PRC which is beneficially owned by the Vendors' Guarantors, in connection with the ownership, development and operations of online games in the PRC.

The Company intends to hold East Treasure through a new intermediate holding company, China Game & Digital Entertainment Limited ("China Game Company"), a company incorporated in the Cayman Islands with limited liability on 11 May 2007. Completion of the Acquisition is conditional upon, inter alia, the terms and conditions of the Agreement.

(b) On 1 June 2007, the Company entered into a share subscription agreement (the "Share Subscription Agreement") with The Pride of Treasure Fund ("POTF"), an investment fund established under the laws of the Cayman Islands, pursuant to which the Company agreed to transfer to POTF and POTF agreed to acquire from the Company 12% of the issued share capital of China Game Company for an aggregate cash consideration of US$4,000,000 (approximately HK$31,200,000). The Pride Investments Group Limited, a fund manager of POTF, is interested in approximately 9.899% of Finet Pride Asset Management Limited, a non-wholly owned subsidiary of the Company.

Financial Summary

	2007 *HK$'000*	2006 *HK$'000*	2005 *HK$'000*	2004 *HK$'000*	2003 *HK$'000*
RESULTS					
Revenue	32,127	29,245	21,714	18,962	16,894
Operating (loss)/profits	(2,332)	(1,501)	171	1,655	75
Finance cost	(257)	(160)	–	–	–
(Loss)/Profit for the year	(2,589)	(1,661)	171	1,655	75
(Loss)/Earnings per share					
– Basic (in HK cent)	(0.50)	(0.34)	0.04	0.40	0.03
– Diluted (in HK cent)	N/A	N/A	0.04	N/A	N/A
ASSETS AND LIABILITIES					
Non-current assets	19,826	12,340	2,546	2,464	2,736
Current assets	43,577	26,064	25,711	5,098	3,775
Current liabilities	4,705	4,847	1,603	3,503	3,143
Non-current liabilities	3,461	3,635	–	–	–
Net assets	55,237	29,922	26,654	4,059	3,368