



財華社  
FINET

# Finet Group Limited

(Continued in Bermuda with limited liability)

(Stock Code: 08317)



Annual Report  
2013 / 2014



## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this annual report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this annual report.*

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

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## Corporate Profile

The Company was incorporated in the Cayman Islands in 1998. The Company was deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda in June 2011. The shares of the Company are listed on GEM (stock code: 08317). The major business segments of the Group are provision of financial information services (including media business), securities and futures business, money lending and property investment.

The Group is headquartered in Hong Kong with offices in Beijing and Shenzhen.



一人觀看，雙語分享  
全世界朋友與您同步



財經領域資訊，視頻一網打盡



隨時隨地隨身看，  
絕不錯過任何一個投資先機



# Corporate Information

## Board of Directors

### Executive Directors

Ms. LO Yuk Yee (*Chairman*)  
Mr. CHOW Wing Chau  
Mr. YIU Wing Hei

### Independent non-executive Directors

Mr. WONG Wai Kin  
Mr. SIU Siu Ling, Robert  
Mr. LEUNG Chi Hung

### Audit Committee

Mr. WONG Wai Kin (*Chairman*)  
Mr. SIU Siu Ling, Robert  
Mr. LEUNG Chi Hung

### Remuneration Committee

Mr. SIU Siu Ling, Robert (*Chairman*)  
Mr. WONG Wai Kin  
Ms. LO Yuk Yee

### Nomination Committee

Ms. LO Yuk Yee (*Chairman*)  
Mr. WONG Wai Kin  
Mr. SIU Siu Ling, Robert

### Corporate Governance Committee

Mr. LEUNG Chi Hung (*Chairman*)  
Mr. WONG Wai Kin  
Mr. SIU Siu Ling, Robert

### Company Secretary

Mr. LEE Pak Chung

### Authorized Representatives

Ms. LO Yuk Yee  
Mr. CHOW Wing Chau

### Legal Advisors

ONC Lawyers  
PHILLIPS Solicitors

## Auditors

HLB Hodgson Impey Cheng Limited  
*Certified Public Accountants*

## Registered Office

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

## Head Office

Room C 11/F  
Bank of East Asia Harbour View Centre  
56 Gloucester Road Wanchai  
Hong Kong

## Principal Place of Business in Hong Kong

30/F, Fortis Tower  
77–79 Gloucester Road, Wanchai  
HK

## Company Website

[www.finet.hk](http://www.finet.hk)

## Principal Banker

The Hongkong and Shanghai Banking  
Corporation Limited

## Stock Code

08317

## Investor Relations

Email: [ir@finet.com.hk](mailto:ir@finet.com.hk)  
Website: [www.finet.hk/mainsite/IR.php](http://www.finet.hk/mainsite/IR.php)

# Financial Highlights

## Year ended 31 March

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
<b>Operating results</b>		
Revenue	<b>23,880</b>	29,491
(Loss)/profit attributable to owners of the Company	<b>(19,305)</b>	27,047
Loss attributable to non-controlling interests	<b>(2,989)</b>	(1,452)

## As at 31 March

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
<b>Financial position</b>		
Total assets	<b>183,425</b>	207,978
Total liabilities	<b>37,022</b>	40,001
Net assets	<b>146,403</b>	167,977
Cash and cash equivalents	<b>69,701</b>	19,576

## Year ended 31 March

	<b>2014</b>	2013
<b>(Loss)/earnings per share for (loss)/profit attributable to the owners to the Company during the year</b>		
Basic and diluted (in HK cent)	<b><u>(4.4) cents</u></b>	<u>6.1 cents</u>



## Statement from the Chairman

The year of 2013/2014 is a year of change for Finet Group Limited. We have changed our core business to internet TV and have established a new media platform through the vehicle of FinTV. After 2 years of continuous growth, FinTV has become one of the most popular and viewed internet TV for financial information in Hong Kong as well as mainland China. Our website can be accessed and viewed on all kinds of mobile device. Despite the fact that the industry of unlicensed TV is being challenged by severe competition, we are still confident that viewers will before long switch from the traditional media to this new form of media and that there will be unprecedented opportunities emerging in the era of ever-evolving smart phones and mobile devices.

The use of mobile devices in Hong Kong and China is growing at a tremendous pace. Since the entry threshold for operating free TV services in Hong Kong is high , the market is dominated by only a few players. This has given rise to a golden opportunity to develop internet TV which does not require an operating license.

The market of internet TV, however, is no less challenging as we are witnessing an ever-increasing number of competitors entering the market. Nevertheless, with the level of professional standard and the width and depth of contents that we have, we are proud to declare that there are few players who could compete with us. We are determined to commit whole-heartedly to this industry by investing in sophisticated hardware, studio and broadband infrastructure in order to make ourselves more competitive. We have set up a fully-equipped studio in Admiralty complete with our own production team capable of producing our own proprietary contents. FinTV has just reached its 2nd Anniversary. We have about one million viewers on our platform and an unimaginable number of viewers on other platforms in Greater China with which FinTV has distribution arrangements. These platforms include QQ.com, CNFOL.com, NetEase, Eastmoney.com, Sina, Yahoo and cnYes.

FinTV will provide a new opportunity for the Group in on-line digital advertising business. We believe the source of the Group's income will switch from vendors' services for financial information to one of digital advertising.

The opportunity created by the implementation of the Shanghai-Hong Kong Stock Connect is huge and deserves our effort in focusing on the securities brokerage business and information services business in both Hong Kong and China. The potential of business opportunities created by the Shanghai — Hong Kong Stock Connect is accelerated by the needs of Big Data analysis. Our group has been a key provider of data for Hong Kong listed companies since 1998, and, we will expand our data base from Hong Kong listed companies to Shanghai listed companies. We believe we will be one of the largest providers of information of listed companies in Hong Kong and Shanghai.

We are optimistic and confident that the above strategy will bring fruitful results to our Group in the near future.

Lastly, I want to take this opportunity to thank all our colleagues who have been with us in this year of change as well as our shareholders and business partners. Without their unreserved support, the Group cannot have successfully transformed itself into the present new media platform.

**LO Yuk Yee**  
*Chairman*

20 June 2014

# Management Discussion and Analysis

During the year, the Group continued its Internet, Mobile and Media (“IMM”) growth strategy, the Group further strengthened its hold on media business with focus on financial sector through the continuous development of the “FinTV” branding. Both the broadness and depth of programmes offered by FinTV has continued to multiply. Being the only Cantonese and Putonghua bilingual financial TV in Hong Kong, FinTV brings investors and financial elites in Greater China the latest professional report, through television, internet and mobile channels at the same time. The Group believes that the FinTV will be one of the major driver for future growth in business. To broaden its revenue bases and to better utilize its resources, the Group taps on the property investment and money lending business with satisfactory results.

## Media Business

The Group mainly conducted its media business through the establishment of Xian Dai TV Limited together with a number of subsidiaries (“Xian Dai”). In addition to the production and distribution of programmes through the branding “FinTV”, Xian Dai also engaged in financial public relationship and creative advertising. For the purpose of segment reporting in this annual report, the results of the media business has been included in the “Financial information service business” segment.

## Property Investment Business

The investment properties in Hong Kong and the People’s Republic of China (the “PRC”) continued to provide stable income and positive contribution to the financial results of the Group.

## Money Lending Business

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

## Financial Information Service Business

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

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

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

During the year, the Group co-hosted the event “Top 100 Hong Kong Stocks” with Tencent for the second consecutive year and re-affirms the Group’s status as one of the leading financial information services provider in Hong Kong.

## Securities and Futures Business

With the volatile situation of stock markets and keen competition, the revenue generated from securities and futures business continued to decrease and the Group entered into a conditional sale and purchase agreement (“Agreement”) on 3 June 2013 to dispose the entire equity interest in Finet Securities Limited, the major operating arm of the Group in securities and futures business. As additional time is required for the fulfillment of the conditions precedent to the Agreement, the long stop date for completion of the Agreement was extended from

## Management Discussion and Analysis

3 October 2013 to 3 February 2014. On 6 February 2014, the Company announced that the conditions precedent to the Agreement have not been fulfilled and the Agreement was lapsed.

### Financial Review

Revenue of the Group for the year ended 31 March 2014 was approximately HK\$23,880,000 (2013: HK\$29,491,000), which represented a decrease of approximately 19% as compared to the previous financial year. The net decrease was primarily attributable to: (i) an increase in loan interest income of approximately HK\$235,000 from money lending business; (ii) a decrease in income from financial information services and advertising services of approximately HK\$5,542,000; (iii) a decrease in the income from securities and futures business of approximately HK\$553,000; and (iv) an increase in rental income from property investment business of approximately HK\$249,000.

Other income and gains of the Group for the year ended 31 March 2014 was approximately HK\$10,652,000 (2013: HK\$58,144,000). The decrease was mainly due to the decrease in fair value gain on held for trading investments of approximately HK\$45,269,000 in 2014.

Cost of sales of the Group for the year ended 31 March 2014 was approximately HK\$12,304,000 (2013: HK\$14,523,000 as restated) representing a decrease of approximately 15% as compared to the previous financial year in line with decrease in income from financial information services.

Selling and marketing expenses of the Group for the year ended 31 March 2014 was increased to approximately HK\$2,233,000 compared with approximately HK\$1,435,000 in 2013, representing an increase of approximately 56%. The increase was mainly attributable to the increase in marketing and promotion efforts in promoting the Finet and FinTV brandings.

General and administrative expenses of the Group for the year ended 31 March 2014 was increased by approximately HK\$351,000 to approximately HK\$40,611,000 (2013: HK\$40,260,000), in line with expansion of FinTV business.

Other operating expenses for the year ended 31 March 2013 represented the settlement cost of a litigation in 2013.

Finance costs for the year ended 31 March 2014 were approximately HK\$595,000 (2013: HK\$722,000), which represented the interest charges on bank loans for the investment properties in both Hong Kong and the PRC.

There is no provision of Hong Kong profits tax for the year ended 31 March 2014. Approximately HK\$105,000 was paid during the year ended 31 March 2014 (2013: HK\$181,000) for income tax on rental income from the investment properties of the Company in the PRC. The deferred tax of approximately HK\$978,000 was mainly attributable to PRC deferred tax liabilities from revaluation of investment properties in the PRC.

Loss attributable to non-controlling interests of approximately HK\$2,989,000 in 2014 (2013: HK\$1,452,000), represented its share of loss in the Group's media business.

The consolidated loss attributable to owners of the Company for the year ended 31 March 2014 was approximately HK\$19,305,000 (2013: HK\$27,047,000 profit).

## Management Discussion and Analysis

### Liquidity, Financial Resources and Capital Structure

	As at 31 March		
	2014 HK\$'000	2013 HK\$'000	change
Net current assets	<b>57,450</b>	86,651	-34%
Total assets	<b>183,425</b>	207,978	-12%
Total liabilities	<b>37,022</b>	40,001	-7%
Total equity	<b>146,403</b>	167,977	-13%
Cash and cash equivalents	<b>69,701</b>	19,576	+256%
Debts to equity ratio	<b>0.25x</b>	0.24x	+4%
Gearing ratio	<b>0.09x</b>	0.10x	-10%

As at 31 March 2014, the total assets of the Group decreased by approximately HK\$24,553,000 to approximately HK\$183,425,000 as compared to approximately HK\$207,978,000 as at the end of the previous financial year, representing a decrease of approximately 12%.

As at 31 March 2014, the total liabilities of the Group decreased by approximately HK\$2,979,000 to approximately HK\$37,022,000 as compared to approximately HK\$40,001,000 as at the end of the previous financial year, representing a decrease of approximately 7%.

As at 31 March 2014, the total equity of the Group decreased by approximately HK\$21,574,000 to approximately HK\$146,403,000 as compared to approximately HK\$167,977,000 as at the end of the previous financial year, representing a decrease of approximately 13%.

### Legal Action Against a Former Chairman and Director of the Company

On 3 December 2012 and further to the statement of claim against Yu Gang, George ("YU"), a former chairman and director of the Company, issued on 14 June 2012, the Group issued an amended statement of claim against YU for breaches of the fiduciary duties during his directorship: (i) without any or any proper authorization, YU embezzled a total sum of RMB3,238,015.30 from the Company in relation to the unauthorized and unlawful remittances made to YU's personal bank account, purportedly for settlement of expenses for certain PRC subsidiaries of the Group; and (ii) unlawfully caused the transfer from the PRC subsidiary to his own bank account, a total sum of RMB721,000, which was meant to be paid to that subsidiary by a client of that subsidiary. The Company claims for: (i) repayment of RMB3,238,015.30 and RMB721,000; (ii) account to the Company for all profits made or benefits received; (iii) damages; (iv) interest; (v) costs; and (vi) further or other relief.

## Management Discussion and Analysis

### Gearing Ratio

As at 31 March 2014, the Group's gearing ratio was approximately 9% (2013: 10%), based on total borrowings of approximately HK\$12,967,000 (2013: HK\$16,672,000) and total equity of the Group of approximately HK\$146,403,000 (2013: HK\$167,977,000).

### Significant Investments Held

As at 31 March 2014, the Group had available-for-sale financial assets of approximately HK\$382,000 (2013: HK\$33,000) and held for trading investments of HK\$ Nil (2013: HK\$70,065,000).

### Charges of Assets

As at 31 March 2014, the Group's investment properties and property, plant and equipment with an aggregate carrying value of approximately HK\$58,200,000 and approximately HK\$ Nil respectively (2013: HK\$86,800,000 and HK\$126,000 respectively) were pledged as security for the borrowing facilities of the Group.

### Exposure to Fluctuation in Exchange Rates

The Group holds buildings in RMB and available-for-sale financial assets in Japanese Yen. The Group is therefore exposed to currency risks, as the value of the assets will fluctuate due to change in exchange rates.

### Staff

The Group had 122 (2013: 108) full-time employees (including directors) in Hong Kong and the PRC as at 31 March 2014.

During the year, the Group incurred total staff costs (including Directors' emoluments) of approximately HK\$22,983,000 (2013: HK\$20,860,000).

Employees' remuneration are determined in accordance with their experiences, competence, qualifications and nature of duties and the current market trend. Apart from the basic salary, commission, discretionary bonus or other incentives are offered to employees to reward their performance and contributions.

The emoluments of the Directors are decided by their individual performance, their responsibilities and the current market rate.

The Company has adopted a share option scheme under which the Company may grant options to Directors and eligible employees to subscribe the shares of the Company.

### Disclosure Under Chapter 17 of the GEM Listing Rules

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 GEM Listing Rules.

### Prospect

It is believed that the Group's years of efforts to build its business fundamentals and acquire appropriate companies in the burgeoning IMM sectors have allowed the Group to capitalize on the tremendous growth of the mainstream PRC consumer markets in the coming years.

Looking ahead, the Group will benefit significantly from the many exciting business opportunities arising from the latest positive market trends including (i) the increasing penetration of 4G services in the PRC; (ii) the growing prevalence of mobile internet combined with massive mobile user base in the PRC; (iii) the success of online application business model; (iv) the plan of converging IMM sectors in the PRC; and (v) the increasing integration between Hong Kong's and the PRC's financial markets as evidenced by the Shanghai — Hong Kong Stock Connect announced in April 2014 and the internationalization of the RMB.

# Board of Directors and Senior Management

## Executive Directors

### Ms. LO Yuk Yee (“Ms. LO”)

Ms. LO, aged 54, is an experienced investor in cutting-edge technology and venture capital in the past 20 years, her experience covers a broad range of industries crossing biotechnology, internet business, and finance field in the PRC, United States of America and Hong Kong. Ms. LO also worked in the banking, insurance and finance fields before she became an entrepreneur.

She was the chief executive officer and chairman of a listed company in Hong Kong between 2002 and 2006. Ms. LO is a director of Maxx Capital International Limited and Pablos International Limited, which have an interest in the share capital of the Company that are required to be disclosed under the provision in Division 2 and 3 of Part XV of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (“SFO”). Ms. LO joined our Group on 28 October 2010.

### Mr. CHOW Wing Chau, Rico (“Mr. CHOW”)

Mr. CHOW, aged 48, has more than 18 years of experience in financial control, company secretary, enterprise risk management and fund raising activities. Since 1995, Mr. CHOW has held various senior finance and management positions with private companies and public companies.

Currently, he is director of private companies in Hong Kong and the PRC, focusing on internal control, business development and other financial aspects. His industrial experience includes consulting, education, e-business, information technology, and mining etc. He graduated with Bachelor of Economics degree from Macquarie University in Australia, and Executive Diploma of ERM. He is a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia. Mr. CHOW joined our Group on 26 August 2010.

### Mr. YIU Wing Hei (“Mr. YIU”)

Mr. YIU, aged 34, is the Investment Director of General Nice Resources (Hong Kong) Limited (“GNR”) and the Investment Consultant of Abterra Limited (“Abterra”), a company listed in the Singapore Exchange Securities Trading Limited. Mr. YIU graduated from the University of Hong Kong with a Bachelor degree, majoring in Economics and Finance. He has been investing in various industries and has accumulated enormous successful business experience. Mr. YIU is also experienced in securities trading, asset management and financial investment.

Currently Mr. YIU focuses on development and trading of mineral resources like coal, iron and non-ferrous metals. He has been keen in developing minerals projects in South East Asian countries such as Indonesia and Philippines with over 5 years solid experience. His experience and expertise in financial investments have brought a number of high quality mineral resource projects to GNR and Abterra, at the same time resolving their financial needs. Mr. YIU joined our Group on 26 August 2010.

## Board of Directors and Senior Management

### Independent non-executive Directors

#### Mr. WONG Wai Kin (“Mr. W.K. WONG”)

Mr. W.K. WONG, aged 56, is a practising certified public accountant and a proprietor of a public accounting firm in Hong Kong. Mr. W.K. WONG holds a Diploma in Accounting and is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. W.K. WONG has over 30 years of professional and commercial experience in accounting, auditing, taxation and corporate finance. Mr. W.K. WONG joined our Group on 13 September 2010.

#### Mr. SIU Siu Ling, Robert (“Mr. SIU”)

Mr. SIU, aged 62, has been a solicitor since 1992 and has been admitted as a solicitor in England and Wales since 1993. He is the sole proprietor of the firm, Messrs. Robert Siu & Co., Solicitors. His legal practice is mainly in the field of commercial and corporate finance. Mr. Siu has been an executive director of China Grand Pharmaceutical and Healthcare Holdings Limited (formerly known as Maxx Bioscience Holdings Limited) (stock code: 512) until 2006 and is now an independent non-executive director of China Packaging Group Company Limited (stock code: 572) and Incutech Investments Limited (stock code: 356), both of which are listed on the Main Board of the Stock Exchange. Mr. SIU is an independent non-executive director of Kaisun Energy Group Limited (stock code: 8203), listed on the Growth Enterprise Market of the Stock Exchange. He is also a director of MBMI Resources Inc (listed on TSX Venture Exchange). Mr. SIU holds a bachelor degree in laws from University of London in the United Kingdom and a postgraduate certificate in laws from the University of Hong Kong. Mr. SIU joined our Group on 13 September 2010.

#### Mr. LEUNG Chi Hung (“Mr. C.H. LEUNG”)

Mr. C.H. LEUNG, aged 58, has commenced his accountancy professional training since 1976 and is a member of certain international accountancy bodies. Mr. C.H. LEUNG is also a Certified Public Accountant (Practising) in Hong Kong and a director of Philip Leung & Co. Limited, Certified Public Accountants (Practising). He is an independent non-executive director of Daido Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 554). Mr. C.H. LEUNG also became an independent non-executive director of eForce Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 943), on 13 December 2013. He was an independent non-executive director of China Investment Development Limited (formerly known as Temujin International Investments Limited), a company listed on the Main Board of the Stock Exchange (stock code: 204) from 30 April 2009 to 11 April 2011. He was an independent non-executive director of Dore Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 628) from 17 April 2002 to 1 June 2010. Mr. C.H. LEUNG joined our Group on 23 February 2011.

## Board of Directors and Senior Management

### Senior Management's Profile

#### **Mr. LEUNG Tsun Andy ("Mr. A. LEUNG")**

Mr. A. LEUNG, aged 42, Chief Operating Officer, has over 18 years of experience in areas of IT, E-Marketing, E-Commerce and brand management. He graduated with Bachelor of Computer Science degree from University of Toronto and Master degree of Business Administration from The University of Western Ontario. Mr. A. LEUNG joined our Group in May 2014.

#### **Mr. LEE Yu Chung ("Mr. Y.C. LEE")**

Mr. Y.C. LEE, aged 54, the Head of IT of the Company, has over 24 years of experience in areas of IT Management, Enterprise Level Project Management, Business Re-engineering, IT Consulting and Solutions Selling. He graduated with Bachelor of Computer Science degree from Queen Mary College, University of London. He holds a Master degree in Business Administration from Asia International Open University (Macau). Mr. Y.C. Lee joined our Group in July 2011.

#### **Mr. LEE Pak Chung ("Mr. P.C. LEE")**

Mr. P.C. LEE, aged 49, has over 20 years of experience in auditing, accounting and financial management. He is a member of the Hong Kong Institute of Certified Public Accountants. He is currently the Company Secretary of the Company. Mr. P.C. LEE joined our Group in September 2010, left in December 2011 and re-joined in May 2013.

#### **Mr. TANG Nap Yee ("Mr. TANG")**

Mr. TANG, aged 44, Head of Sales, has over 15 years of experience on advertising and media industry. Prior to joining the Group, he worked for a number of major newspapers in Hong Kong. He is responsible for sales and marketing of the Group. Mr. TANG joined our Group in May 2014.

#### **Mr. CHOU Yung ("Mr. CHOU")**

Mr. CHOU, aged 44, has over 15 years of experience in accounting and financial management. He is a member of the Hong Kong Institute of Certified Public Accountants. He is currently the Financial Controller of the Company, Mr. CHOU joined our Group in June 2014.

#### **Mr. WONG Po Tin ("Mr. P.T. WONG")**

Mr. P.T. WONG, aged 37, holds a Honor Diploma in Accountancy and is a fellow member of the Association of Chartered Certified Accountants. He has more than 8 years of experience in financial and audit control in public accounting firms and multi-national corporations. He has money lending experience between September 2009 to August 2011. He is currently the Business Development Manager of the Company and responsible for selling and business promotion. Mr. P.T. WONG joined our Group in September 2010.

#### **Ms. AN Nuowa ("Ms. AN")**

Ms. AN, aged 30, Resources Manager of FinTV, has over five years of working experience in new media industry based on internet technology and mobile platform in London and Beijing. Ms. An holds a Master Degree in Interactive Media and Bachelor of Mass Communication from Goldsmiths College, University of London. Ms. AN joined our Group in June 2012.



# 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 provisions set out in the Corporate Governance Code ("CG Code"), contained in Appendix 15 to the GEM Listing Rules during the year ended 31 March 2014, except for the following deviation:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be the same individual. Ms. LO Yuk Yee was the chairman of the Company since 25 January 2011. Mr. LUM Chor Wah, Richard was appointed as an executive Director and chief executive officer of the Company on 30 September 2010 until 28 June 2011. Thereafter, the post of chief executive officer was vacant and its roles and responsibilities were shared amongst the members of the Board. The Board is presently identifying a suitable candidate to be appointed as the chief executive officer and will make an announcement upon the appointment.

## 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 dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31 March 2014. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors.

## The Board

The composition of the Board during the year ended 31 March 2014 and as at the date of this report and the biographical details of the Directors as at the date of this report are set out in the section headed "Report of the Directors" and the section headed "Board of Directors and Senior Management" of this annual report respectively.

During the year ended 31 March 2014, the Board held six physical meetings and the attendance of the Directors are as follows:

<b>Name of directors</b>	<b>Number of attendance</b>	<b>% of attendance</b>
<b>Executive Directors</b>		
Ms. LO Yuk Yee	6/6	100%
Mr. CHOW Wing Chau	6/6	100%
Mr. YIU Wing Hei	6/6	100%
<b>Independent non-executive Directors</b>		
Mr. WONG Wai Kin	6/6	100%
Mr. SIU Siu Ling, Robert	6/6	100%
Mr. LEUNG Chi Hung	6/6	100%

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

## Corporate Governance Report

The Board is responsible for the overall management of the Company in accordance with the bye-laws of the Company ("Bye-Laws") and is entitled to delegate its powers in respect of daily management to any executive Directors, 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.

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

### Independent non-executive Directors and Retirement by Rotation

Pursuant to Rule 5.08 of the GEM Listing Rules, the Company has at least three independent non-executive Directors with at least one of them having appropriate professional or accounting or related financial management expertise. 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. Each of the independent non-executive Directors is appointed for a term of one year.

Each Director is subject to retirement and rotation requirement under the Bye-Laws.

### Audit Committee

The Board established an audit committee with written terms of reference in accordance with Rule 5.28 of the GEM Listing Rules. During the year ended 31 March 2014, the audit committee comprised of three members who are independent non-executive Directors, namely, Mr. WONG Wai Kin, Mr. SIU Siu Ling, Robert and Mr. LEUNG Chi Hung (with Mr. WONG Wai Kin as the chairman thereof).

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

The audit committee met four times during the year ended 31 March 2014 and the attendance of the members is as follows:

<b>Name of committee member</b>	<b>Number of attendance</b>	<b>% of attendance</b>
Mr. WONG Wai Kin	4/4	100%
Mr. SIU Siu Ling, Robert	4/4	100%
Mr. LEUNG Chi Hung	4/4	100%

During the year ended 31 March 2014, 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 of the Group for the year ended 31 March 2014 have been reviewed by the audit committee.

The financial statements for the year ended 31 March 2014 were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting of the Company. The Audit Committee has recommended to the Board that HLB Hodgson Impey Cheng Limited be reappointed as the auditors of the Company at the forthcoming annual general meeting of the Company.

## Corporate Governance Report

### Remuneration Committee

During the year ended 31 March 2014, the remuneration committee of the Company comprised of the executive Director, Ms. LO Yuk Yee and two independent non-executive Directors, namely, Mr. WONG Wai Kin and Mr. SIU Siu Ling, Robert (with Mr. SIU Siu Ling, Robert as the chairman thereof). The principal responsibilities of the remuneration committee include the formulation of the Company's remuneration policy, the approval or recommendation to the Board on 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 at least once a year. The remuneration committee met one time during the year ended 31 March 2014 in which the remuneration committee reviewed the remuneration policy of the Company and the performance of the executive Directors and the attendance of the members is as follows:

<b>Name of committee member</b>	<b>Number of attendance</b>	<b>% of attendance</b>
Mr. SIU Siu Ling, Robert	1/1	100%
Ms. LO Yuk Yee	1/1	100%
Mr. WONG Wai Kin	1/1	100%

### Nomination Committee

During the year ended 31 March 2014, the nomination committee comprised of the executive Director, Ms. LO Yuk Yee and two independent non-executive Directors, namely Mr. SIU Siu Ling, Robert and Mr. WONG Wai Kin (with Ms. LO Yuk Yee as the chairman thereof). The principal responsibilities of the nomination committee include, amongst other things, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy.

The nomination committee is mainly responsible for looking for suitable candidates to join the Board when there are vacancies or when it is necessary to hire additional Directors. The members of the nomination committee will propose the appointment of the candidates concerned to each member of the Board, and all members of the nomination committee will review the qualifications of the candidates concerned and decide whether they are suitable to join the Company and the terms of their appointment based on their calibre, experience and background.

## Corporate Governance Report

According to the terms of reference, the nomination committee should meet at least once a year. The nomination committee met one time during the year ended 31 March 2014 and the attendance of the members is as follows:

<b>Name of committee member</b>	<b>Number of attendance</b>	<b>% of attendance</b>
Ms. LO Yuk Yee	1/1	100%
Mr. WONG Wai Kin	1/1	100%
Mr. SIU Siu Ling, Robert	1/1	100%

### Corporate Governance Committee

During the year ended 31 March 2014, the corporate governance committee comprised of three independent non-executive Directors, namely Mr. LEUNG Chi Hung, Mr. SIU Siu Ling, Robert and Mr. WONG Wai Kin (with Mr. LEUNG Chi Hung as the chairman thereof).

The corporate governance committee is responsible for performing the corporate governance duties including:

- (a) to develop and review the Company's policies and practices on corporate governance and making recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management of the Company and its subsidiaries;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance management (if any) applicable to employees and directors of the Company and its subsidiaries; and
- (e) to review the Company's compliance with the CG Code and disclosure on the Corporate Governance Report.

According to the terms of reference, the corporate governance committee should meet at least once a year. The corporate governance committee met one time during the year ended 31 March 2014 and the attendance of the members is as follows:

<b>Name of committee member</b>	<b>Number of attendance</b>	<b>% of attendance</b>
Mr. LEUNG Chi Hung	1/1	100%
Mr. WONG Wai Kin	1/1	100%
Mr. SIU Siu Ling, Robert	1/1	100%

## Corporate Governance Report

### Auditors' Remuneration

In line with the sound practice that the independence of external auditors should not be impaired by other non-audit assignments, the Group ensures that assignments other than statutory audits undertaken by external auditors should not have an adverse impact on their independence. For the year ended 31 March 2014, the auditors of the Company received approximately HK\$388,000 for audit service and HK\$Nil for tax and consultancy services.

### Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 March 2014.

### Company Secretary

Mr. Lee Pak Chung ("Mr. P.C. Lee") was appointed as the company secretary of the Company on 28 June 2013. In his capacity acting as the company secretary of the Company, Mr. P.C. Lee is responsible for finance and company secretarial works. Mr. P.C. Lee has taken not less than 15 hours of relevant professional training and in compliance with Rule 5.15 of the GEM Listing Rules.

Biographical details of Mr. P.C. Lee are set out in the section headed "Board of Directors and Senior Management" above.

### 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.

In consideration of the size of the Group, the Board does not consider it necessary to establish an internal audit team at present. However, the key control procedures established by the Company are day-to-day supervision of the business by the executive Directors, supported by managers responsible for the operations and the key divisional supporting functions of finance, information system, media production and human resources.

During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Group.

The Board will continue to review and improve the Company's internal control systems, taking into account the prevailing regulatory requirements, the Group's business development, shareholder interest, and technological advances.

### Shareholders' Rights

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. Besides, pursuant to the Bye-Laws, shareholder(s) holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings may request the Company to convene a special general meeting by sending a written requisition to the Board or the company secretary. The objects of the meeting must be stated in the written requisition.

Shareholders may send written enquiries to the Company for putting forward any enquiries or proposals to the Board directly to its principal place of business in Hong Kong by post or email to [ir@finet.com.hk](mailto:ir@finet.com.hk). The Company will respond to all enquiries on a timely and proper basis.

## Corporate Governance Report

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

An up-to-date version of the Bye-Laws is available on the Company's website and the Stock Exchange's website. Shareholders may refer to the Bye-Laws for further details of their rights.

All resolutions put forward at shareholders' meetings will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.finet.hk](http://www.finet.hk)) immediately after the relevant general meetings.

### Investor Relations and Communication

The Company has established and maintained different communication channels with its shareholders. The Company updates its shareholders on its latest business developments and financial performance through its corporate publications including annual reports and public announcements. Briefing and meetings with institutional investors and analysts are conducted regularly. The Company also maintains its website ([www.finet.hk](http://www.finet.hk)) to provide an alternative communication channel for the public and its shareholders. All corporate communication and Company's latest updates are available on the Company's website for public's information.

During the year, there has been no significant change in the Company's constitutional documents.

# 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 31 March 2014.

## Principal Activities

The Company is an investment holding company. Its subsidiaries are principally engaged in provision of financial information service (including media business), securities and futures business, money lending and property investment.

## Results and Appropriations

Details of the Group's results for the year ended 31 March 2014 are set out in the accompanying financial statements.

The Board does not recommend the payment of dividend for the year ended 31 March 2014 (2013: Nil).

## Group Financial Summary

A summary of the published annual results and assets and liabilities of the Group for the last five financial years is set out in the section headed "Financial Summary" of this annual 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 35 and Note 34 on page 94 respectively to the accompanying financial statements.

The Company had reserves of approximately HK\$66,272,000 (2013: HK\$89,165,000) available for dividend distribution to shareholders as at 31 March 2014.

## Share Capital

Details of movements in share capital of the Company are set out in Note 32 to the accompanying financial statements.

## Purchase, Sale or Redemption of Listed 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 31 March 2014.

## Pre-emptive Rights

There is no provision for pre-emptive rights under the Bye-Laws or the laws in Bermuda.

## Subsidiaries

Particulars of the Company's subsidiaries are set out in Note 21 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.

## Borrowings and Interest Capitalized

Particulars of borrowings of the Group and the Company as at 31 March 2014 are set out in Note 30 to the accompanying financial statements. No interest was capitalized by the Group during the year.

## Report of the Directors

### Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained a sufficient public float required under the GEM Listing Rules.

### Charitable donations

During the year, the Group made charitable donations amounting to approximately HK\$230,000.

### Biographical Details of Directors and Senior Management

Brief biographical details of Directors and senior management are set out in the section headed "Board of Directors and Senior Management" of this annual report.

### Directors

The Directors who held office during the year ended 31 March 2014 were:

#### *Executive Directors*

Ms. LO Yuk Yee  
Mr. CHOW Wing Chau  
Mr. YIU Wing Hei

#### *Independent non-executive Directors*

Mr. WONG Wai Kin  
Mr. SIU Siu Ling, Robert  
Mr. LEUNG Chi Hung

Detailed information of the Directors standing for re-election will be set out in the circular in relation to the forthcoming annual general meeting of the Company to be despatched to the shareholders of the Company.

### 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 15 and Note 16 to the accompanying financial statements respectively.

### Directors' Service Agreements

Each of the independent non-executive Directors is appointed for a term of one year.

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

### Interest in Shares and Underlying Shares

#### Directors' and chief executive's interests and short positions in the shares and underlying shares

As at 31 March 2014, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO, as recorded in the register required to be kept under section 352 of the SFO) or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

#### Long positions in the shares and underlying shares of the Company and its associated corporations

Name of Director	Name of Group member	Name of associated corporations	Number of shares and capacity in which the shares were held		Number of underlying shares and capacity in which the underlying shares were held		Total number of shares	% of shares in issue (Note 2)
			Beneficial owner	Interest of controlled corporation	Beneficial owner	Interest of controlled corporation		
<b>Executive Director:</b>								
Ms. Lo Yuk Yee ("Ms. Lo")	The Company	—	—	278,439,784 (Note 1)	—	—	278,439,784	63.16%
Ms. Lo	—	Maxx Capital International Limited ("Maxx Capital") (Note 1)	—	2 shares of US\$1 each	—	—	2 shares of US\$1 each	100%
Ms. Lo	—	Pablos International Limited ("Pablos") (Note 1)	1,000 shares of US\$1 each	—	—	—	1,000 shares of US\$1 each	100%
Mr. Chow Wing Chau ("Mr. Chow")	The Company	—	—	—	875,000 (Note 3)	—	875,000	0.21%
Mr. Yiu Wing Hei ("Mr. Yiu")	The Company	—	—	—	375,000 (Note 3)	—	375,000	0.09%

#### Notes:

- 278,439,784 ordinary shares of HK\$0.01 each were held by Maxx Capital which was wholly-owned by Pablos, and Pablos was wholly owned by Ms. Lo. Accordingly, Pablos and Ms. Lo were deemed by virtue of the SFO to be interested in 278,439,784 ordinary shares of HK\$0.01 each held by Maxx Capital.
- As at 31 March 2014, the Company had 440,818,880 ordinary shares of HK\$0.01 each in issue.
- Details of the share option granted to the Directors are set out in "Movements of Options".

## Report of the Directors

Save as disclosed above, as at 31 March 2014, none of the Directors or chief executive of the Company nor their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

### Substantial shareholders' interest and short position in the shares of the Company

As at 31 March 2014, so far as the Directors are aware, persons other than Directors or chief executive 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:

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

*Notes:*

- 278,439,784 ordinary shares of HK\$0.01 each were held by Maxx Capital, which was wholly-owned by Pablos and Pablos was wholly owned by Ms. LO. Accordingly, Pablos and Ms. LO were deemed by virtue of the SFO to be interested in 278,439,784 ordinary shares of HK\$0.01 each held by Maxx Capital. Ms. LO is a director of each of Maxx Capital and Pablos.
- As at 31 March 2014, the Company had 440,818,880 ordinary shares of HK\$0.01 each in issue.

### Other persons who are required to disclose their interests

Save as disclosed above, the Directors are not aware of other person who, as at 31 March 2014, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

## Report of the Directors

### Movements of Options

Details of movements of the share options granted under the share option scheme adopted on 16 December 2004 (with its mandate limit refreshed at the annual general meeting of the Company held on 18 August 2011) for the year ended 31 March 2014 are as follows:

Name of grantee	Date of grant	Exercise price	Number of share options			Balance as at 31 March 2014
			Balance as at 1 April 2013	Granted during the year	Lapsed during the year	
<b>Executive Directors:</b>						
Mr. CHOW	30 September 2011 ( <i>Note 1</i> )	HK\$0.49	500,000	—	(125,000)	375,000
	3 January 2014 ( <i>Note 2</i> )	HK\$0.50	—	500,000	—	500,000
Mr. YIU	30 September 2011 ( <i>Note 1</i> )	HK\$0.49	500,000	—	(125,000)	375,000
<b>Employees</b>	30 September 2011 ( <i>Note 1</i> )	HK\$0.49	2,000,000	—	(500,000)	1,500,000
	3 January 2014 ( <i>Note 2</i> )	HK\$0.50	—	3,500,000	—	3,500,000
<b>Total</b>			<u>3,000,000</u>	<u>4,000,000</u>	<u>(750,000)</u>	<u>6,250,000</u>

Notes:

1. For share options granted on 30 September 2011.

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

		As at 31 March 2014	As at 31 March 2013
Vesting period:	6 months after 30 September 2011:	<b>lapsed</b>	25%
	12 months after 30 September 2011:	<b>25%</b>	25%
	18 months after 30 September 2011:	<b>25%</b>	25%
	24 months after 30 September 2011:	<b>25%</b>	25%

2. For Share options granted on 3 January 2014

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

Vesting period:	6 months after 3 January 2014:	50%
	12 months after 3 January 2014:	50%

### Outstanding Unlisted Warrants

As at 31 March 2014, the Company has outstanding warrants conferring the right to subscribe up to HK\$35,441,124 in aggregate for the shares of the Company. The issue price of each such warrant was HK\$0.02 and each of such warrants entitle the holder thereof to subscribe in cash for one ordinary share of HK\$0.01 each in the capital of the Company at an initial subscription price of HK\$0.402 per ordinary share of the Company, subject to adjustment at any time for the period commencing on 30 January 2012 to 4:00 p.m. (Hong Kong time) on 29 January 2017 (or if it is not a business day, the business day immediately preceding such day). The exercise in full of the subscription rights attaching to the outstanding warrants as at 31 March 2014 will result in the issue of 88,162,000 shares of the Company.

## Report of the Directors

### Directors' Interest in Contracts

Save as disclosed in this annual report, there was no contract of significance in relation to the Group's business to which the Group was a party and in which any of the Directors had a material interest, whether directly or indirectly, subsisted during or at the end of the year ended 31 March 2014 or at any time during such period (2013: Nil).

### Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by the 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 31 March 2014. Having made specific enquiry of all Directors, all Directors have complied with the required standard of dealings and its code of conduct regarding securities transactions throughout the year ended 31 March 2014.

### Audit Committee

The audited consolidated financial statements of the Group for the year ended 31 March 2014 have been reviewed by the audit committee of the Company.

### Competing Interests

None of the Directors or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the year ended 31 March 2014.

### Purchase, Sale or Redemption of Listed Share

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the year ended 31 March 2014.

### Customers and Suppliers

For the year ended 31 March 2014, the five largest customers accounted for approximately 53% (2013: 38%) of the Group's total turnover and the five largest suppliers of the Group accounted for approximately 70% (2013: 68% as restated) of the Group's total cost of sales. The largest customer of the Group accounted for approximately 30% (2013: 24%) of the Group's total turnover while the largest supplier of the Group accounted for approximately 39% (2013: 39% as restated) of the Group's total cost of sales.

None of the Directors, their associates, or any substantial 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.

## Report of the Directors

### Connected Transactions and Continuing Connected Transactions

Connected transactions and continuing connected transactions undertaken by the Group during the year are as follows:

	2014 HK\$'000	2013 HK\$'000
Management fee paid to Maxx Capital Finance Limited ( <i>Note i</i> )	600	660
Referral fee and interest expenses in relation to the money lending business paid to Maxx Capital Finance Limited ( <i>Note i</i> )	723	833
Rental expense paid to Cyber Feel Limited ( <i>Note ii</i> )	<u>2,896</u>	<u>—</u>

*Notes:*

- (i) Maxx Capital Finance Limited is beneficially owned by Ms. LO Yuk Yee, the chairman and the director of the Company.
- (ii) This transaction constituted continuing connected transaction as defined in the GEM Listing Rules. Cyber Feel Limited ("Cyber Feel") is beneficially owned by Ms. LO Yuk Yee, the chairman and the director of the Company. For the year ended 31 March 2014, the annual cap payable by the Group to Cyber Feel under the tenancy agreement, excluding management fee and government rates amount to HK\$2,895,600.

The independent non-executive Directors of the Company have reviewed and confirmed that the continuing connected transactions undertaken by the Group were entered into (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

HLB Hodgson Impey Cheng Limited ("HLB"), the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. HLB have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions which are subject to annual review under Rule 20.38 of the GEM Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

## Report of the Directors

### 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.

### 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 Rule 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 in the section headed "Corporate Governance Report" of this annual report.

### Auditors

The financial statements for the years ended 31 March 2014 and 2013 were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

The financial statements for the year ended 31 March 2012 were audited by HLB Hodgson Impey Cheng. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganized as HLB Hodgson Impey Cheng Limited. Save for the above, there has been no other change in the auditors of the Company in any of the preceding three years.

On behalf of the Board

### Finet Group Limited

**LO Yuk Yee**

*Chairman*

Hong Kong, 20 June 2014

# Independent Auditors' Report



國衛會計師事務所有限公司  
**Hodgson Impey Cheng Limited**

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

## TO THE SHAREHOLDERS OF FINET GROUP LIMITED

*(Incorporated in the Cayman Islands and continued in Bermuda 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 31 to 96, which comprise the consolidated and company statements of financial position as at 31 March 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Directors' responsibility for the consolidated financial statements**

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **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, in accordance with section 90 of the Companies Act of Bermuda, 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated 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 2014, 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 Limited**

*Certified Public Accountants*

### **Chan Ching Pang**

Practising Certificate Number: P05746

Hong Kong, 20 June 2014



# Consolidated Income Statement

For the year ended 31 March 2014

	Note	2014 HK\$'000	2013 HK\$'000 (restated)
<b>Revenue</b>	5	<b>23,880</b>	29,491
Cost of sales		<b>(12,304)</b>	(14,523)
<b>Gross profit</b>		<b>11,576</b>	14,968
Other income and gains	6	<b>10,652</b>	58,144
Selling and marketing expenses		<b>(2,233)</b>	(1,435)
General and administrative expenses		<b>(40,611)</b>	(40,260)
Other operating expenses	8	—	(4,000)
Finance costs	9	<b>(595)</b>	(722)
<b>(Loss)/profit before income tax</b>	10	<b>(21,211)</b>	26,695
Income tax expense	11	<b>(1,083)</b>	(1,100)
<b>(Loss)/profit for the year</b>		<b>(22,294)</b>	25,595
<b>(Loss)/profit attributable to:</b>			
— Owners of the Company		<b>(19,305)</b>	27,047
— Non-controlling interests		<b>(2,989)</b>	(1,452)
		<b>(22,294)</b>	25,595
<b>(Loss)/earnings per share for (loss)/profit attributable to the owners of the Company during the year</b>			
— Basic and diluted (in HK cent)	13	<b>(4.4) cents</b>	6.1 cents

# Consolidated Statement of Comprehensive Income

For the year ended 31 March 2014

	2014 HK\$'000	2013 HK\$'000
<b>(Loss)/profit for the year</b>	<b>(22,294)</b>	25,595
<b>Other comprehensive income for the year, net of tax:</b>		
<i>Items that may be reclassified to profit or loss</i>		
Change in fair value on available-for-sale financial assets	<b>307</b>	(79)
Currency translation differences	<b>(6)</b>	326
<b>Total comprehensive (expense)/income for the year</b>	<b>(21,993)</b>	25,842
<b>Total comprehensive (expense)/income for the year, attributable to:</b>		
— Owners of the Company	<b>(19,004)</b>	27,294
— Non-controlling interests	<b>(2,989)</b>	(1,452)
	<b>(21,993)</b>	25,842

# Consolidated Statement of Financial Position

As at 31 March 2014

	Note	2014 HK\$'000	2013 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	17	8,155	4,084
Investment properties	18	89,000	86,800
Intangible assets	19	950	950
Statutory deposits and other assets	20	405	405
Available-for-sale financial assets	22	382	33
		<u>98,892</u>	<u>92,272</u>
<b>Current assets</b>			
Accounts receivable	23	9,682	18,566
Prepayments, deposits and other receivables	24	4,802	7,158
Tax recoverable		6	6
Held for trading investments	25	—	70,065
Client trust bank balances		342	335
Cash and cash equivalents	26	69,701	19,576
		<u>84,533</u>	<u>115,706</u>
<b>Total assets</b>		<u>183,425</u>	<u>207,978</u>
<b>Current liabilities</b>			
Accounts payable	27	2,430	1,026
Accruals and other payables		8,351	6,915
Deferred income		1,431	2,029
Amount due to a related company	28	1,904	4,398
Finance lease payables — due within one year	29	—	37
Borrowings — due within one year	30	12,967	14,650
		<u>27,083</u>	<u>29,055</u>
<b>Net current assets</b>		<u>57,450</u>	<u>86,651</u>
<b>Total assets less current liabilities</b>		<u>156,342</u>	<u>178,923</u>
<b>Non-current liabilities</b>			
Borrowings — due after one year	30	—	1,985
Deferred tax liabilities	31	9,939	8,961
		<u>9,939</u>	<u>10,946</u>
<b>Net assets</b>		<u>146,403</u>	<u>167,977</u>
<b>Equity</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	32	4,408	4,408
Reserves	34	144,212	162,797
		<u>148,620</u>	<u>167,205</u>
Non-controlling interests		<u>(2,217)</u>	<u>772</u>
<b>Total equity</b>		<u>146,403</u>	<u>167,977</u>

LO Yuk Yee  
Director

CHOW Wing Chau  
Director

# Statement of Financial Position

As at 31 March 2014

	Note	2014 HK\$'000	2013 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	17	310	461
Investment properties	18	30,800	29,200
Investments in subsidiaries	21	20,701	17,931
Available-for-sale financial assets	22	382	33
		<u>52,193</u>	<u>47,625</u>
<b>Current assets</b>			
Amounts due from subsidiaries	21	42,671	71,350
Prepayments, deposits and other receivables		291	794
Cash and cash equivalents	26	383	351
		<u>43,345</u>	<u>72,495</u>
<b>Total assets</b>		<u>95,538</u>	<u>120,120</u>
<b>Current liabilities</b>			
Accruals and other payables		866	354
Amounts due to subsidiaries	21	2,394	3,849
Borrowings — due within one year	30	—	269
		<u>3,260</u>	<u>4,472</u>
<b>Net current assets</b>		<u>40,085</u>	<u>68,023</u>
<b>Total assets less current liabilities</b>		<u>92,278</u>	<u>115,648</u>
<b>Non-current liabilities</b>			
Borrowings — due after one year	30	—	1,985
Deferred tax liabilities	31	9,845	8,885
		<u>9,845</u>	<u>10,870</u>
<b>Net assets</b>		<u>82,433</u>	<u>104,778</u>
<b>Equity</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	32	4,408	4,408
Reserves	34	78,025	100,370
<b>Total equity</b>		<u>82,433</u>	<u>104,778</u>

LO Yuk Yee  
Director

CHOW Wing Chau  
Director

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

	Attributable to owners of the Company											Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Employee compensation reserve	Other reserve	Translation reserve	Property revaluation reserve	Investment revaluation reserve	Warrants reserve	Accumulated losses	Total reserves		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Balance at 1 April 2012</b>	4,408	223,509	4,870	536	—	(319)	9,989	(1,220)	1,763	(105,751)	137,785	—	137,785
Profit for the year	—	—	—	—	—	—	—	—	—	27,047	27,047	(1,452)	25,595
<b>Other comprehensive income</b>													
Fair value loss on available-for-sale financial assets	—	—	—	—	—	—	—	(79)	—	—	(79)	—	(79)
Currency translation differences	—	—	—	—	—	326	—	—	—	—	326	—	326
Total other comprehensive income/(expense)	—	—	—	—	—	326	—	(79)	—	—	247	—	247
<b>Total comprehensive income/(expense)</b>	—	—	—	—	—	326	—	(79)	—	27,047	27,294	(1,452)	25,842
<b>Transactions with owners</b>													
Capital contribution from non-controlling interests	—	—	—	—	1,776	—	—	—	—	—	1,776	2,224	4,000
Share options lapsed during the year	—	—	—	(134)	—	—	—	—	—	134	—	—	—
Employee share-based compensation	—	—	—	350	—	—	—	—	—	—	350	—	350
<b>Total contributions by and distributions to owners</b>	—	—	—	216	1,776	—	—	—	—	134	2,126	2,224	4,350
<b>Balance at 31 March 2013 and 1 April 2013</b>	<b>4,408</b>	<b>223,509</b>	<b>4,870</b>	<b>752</b>	<b>1,776</b>	<b>7</b>	<b>9,989</b>	<b>(1,299)</b>	<b>1,763</b>	<b>(78,570)</b>	<b>167,205</b>	<b>772</b>	<b>167,977</b>
Loss for the year	—	—	—	—	—	—	—	—	—	(19,305)	(19,305)	(2,989)	(22,294)
<b>Other comprehensive income</b>													
Fair value gain on available-for-sale financial assets	—	—	—	—	—	—	—	307	—	—	307	—	307
Currency translation differences	—	—	—	—	—	(6)	—	—	—	—	(6)	—	(6)
Total other comprehensive (expense)/income	—	—	—	—	—	(6)	—	307	—	—	301	—	301
<b>Total comprehensive (expense)/income</b>	—	—	—	—	—	(6)	—	307	—	(19,305)	(19,004)	(2,989)	(21,993)
<b>Transactions with owners</b>													
Share options lapsed during the year	—	—	—	(178)	—	—	—	—	—	178	—	—	—
Employee share-based compensation	—	—	—	419	—	—	—	—	—	—	419	—	419
<b>Total contributions by and distributions to owners</b>	—	—	—	241	—	—	—	—	—	178	419	—	419
<b>Balance at 31 March 2014</b>	<b>4,408</b>	<b>223,509</b>	<b>4,870</b>	<b>993</b>	<b>1,776</b>	<b>1</b>	<b>9,989</b>	<b>(992)</b>	<b>1,763</b>	<b>(97,697)</b>	<b>148,620</b>	<b>(2,217)</b>	<b>146,403</b>

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 reorganisation in connection with the preparation for the initial listing of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

# Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	Note	2014 HK\$'000	2013 HK\$'000
<b>Cash flows from operating activities</b>			
(Loss)/profit before income tax		(21,211)	26,695
Adjustments for:			
— Depreciation of property, plant and equipment		2,091	2,898
— Loss on disposal of property, plant and equipment		39	117
— Fair value gain on investment properties		(2,200)	(3,900)
— Fair value gain on held for trading investments		(6,598)	(51,867)
— Interest income from bank deposits		(4)	(12)
— Finance costs		595	722
— Equity-settled share-based payments		419	350
— Provision for impairment loss of deposits		500	—
— Provision for impairment loss of accounts receivable		224	—
Changes in working capital:			
— Held for trading investments		76,663	15,061
— Accounts receivable		8,660	(12,191)
— Prepayments, deposits and other receivables		1,856	1,539
— Accounts payable		1,404	(9,363)
— Accruals and other payables		1,436	(1,194)
— Deferred income		(598)	(256)
— Client trust bank balances		(7)	6,497
Cash generated from/(used in) operations		63,269	(24,904)
Interest paid		(587)	(690)
Income tax paid		(105)	(156)
Net cash generated from/(used in) operating activities		62,577	(25,750)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	17	(6,208)	(2,686)
Purchase of available-for-sale financial assets		(42)	—
Interest received from bank deposits		4	12
Net cash used in investing activities		(6,246)	(2,674)
<b>Cash flows from financing activities</b>			
Capital contribution from non-controlling interests		—	4,000
Interest element of finance lease rental payments		(8)	(32)
Capital element of finance lease rental payments		(37)	(146)
Repayment of borrowings		(3,668)	(1,674)
Amount due to a related company		(2,494)	4,398
Net cash (used in)/generated from financing activities		(6,207)	6,546
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>50,124</b>	<b>(21,878)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>19,576</b>	<b>41,136</b>
Effect of foreign exchange rate changes, net		1	318
<b>Cash and cash equivalents at end of the year</b>	26	<b>69,701</b>	<b>19,576</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

## 1. General Information

Finet Group Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in (i) the development, production and provision of financial information service and technology solutions to corporate and retail clients in Hong Kong and the People’s Republic of China (“PRC”); (ii) media business providing advertising investor relationship and branding promotion and communication service; (iii) the securities and futures business that specializes in the provision of online securities and futures trading; (iv) money lending business; and (v) property investment. The principal activity of the Company is investment holding. The principal activities and other particulars of its subsidiaries are set out in Note 21.

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

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

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

These consolidated financial statements are presented in Hong Kong dollars (HK\$) unless otherwise stated. These consolidated financial statements were approved and authorized for issue by the board of directors on 20 June 2014.

## 2. Summary of Significant Accounting Policies

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

### 2.1 Basis of preparation

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

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

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accountings estimates. It also requires management to exercise its judgment in process of applying the Group’s certain policy.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.1 Basis of preparation (Continued)

##### *Changes in accounting policy and disclosures*

##### *(a) New and amended standards adopted by the Group*

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning on or after 1 April 2013:

Improvements to HKFRSs (Amendment)	Annual Improvements 2009–2011 Cycle
HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRS 1 (Amendment)	Government Loans
HKFRS 7 (Amendment)	Disclosures — Offsetting Financial Assets and Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosures of Interests in Other Entities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine

Amendment to HKAS 1, “Financial statement presentation” regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in ‘other comprehensive income’ (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

HKFRS 10, “Consolidated financial statements” builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

HKFRS 13, “Fair value measurement”, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between HKFRSs, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.1 Basis of preparation (Continued)

##### **Changes in accounting policy and disclosures (Continued)**

(b) *Amended standards that have been issued but are not effective for the financial year beginning 1 April 2013 and have been early adopted by the Group*

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle <sup>4</sup>
Amendments to HKFRSs HKFRS 9	Annual Improvements to HKFRSs 2011–2013 Cycle <sup>2</sup> Financial Instruments <sup>3</sup>
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>3</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities <sup>1</sup>
HKFRS 11 (Amendments) HKFRS 14	Accounting for interests in joint ventures and joint operations <sup>5</sup> Regulatory Deferral Accounts <sup>5</sup>
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>5</sup>
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions <sup>2</sup>
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets <sup>1</sup>
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting <sup>1</sup>
HK(IFRIC) — Int 21	Levies <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2014, except as disclosed below. Early application is permitted.

<sup>3</sup> Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalized.

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2014 with limited exceptions.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2016 with earlier application permit.

The Group has already commenced an assessment of related impact of adopting the above new, revised or amended standards and interpretations to the Group. The Group is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the consolidated financial statements will be resulted.

Certain comparative amounts of the consolidated income statement have been reclassified to conform with current year's presentation in that the Group has considered the communication expenses related to media production as part of the cost of sales. Accordingly, communication expenses regarding media production of approximately HK\$6,329,000 for the year ended 31 March 2013, which was previously presented and included in general and administrative expenses on the face of consolidated income statement, has been reclassified and included in cost of sales of the consolidated income statement.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.2 Consolidation

##### (a) *Subsidiaries*

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the 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.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

##### (b) *Business combination*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated income statement.

##### (c) *Transactions with non-controlling interests*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interests are also recorded in equity.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.2 Consolidation (Continued)

(d) *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(e) *Separate financial statements*

Investments in subsidiaries are accounted for at cost, less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

#### 2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the directors of the Company that make strategic decisions.

#### 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 ("HK\$"), which is the Company's functional and the Group's presentation currency.

(b) *Transactions and balances*

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

Foreign exchange gains and losses that related to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance costs". All other foreign exchange gains and losses are presented in the consolidated income statement within "general and administrative expenses".

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.4 Foreign currency translation (Continued)

##### (b) Transactions and balances (Continued)

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 other comprehensive income.

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

##### (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 statement of financial position presented are translated at the closing rate at the end of the reporting period;
- 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 in other comprehensive income.

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 other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising therefrom are recognized as other comprehensive income and included in the exchange reserve in equity.

#### 2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.5 Property, plant and equipment (Continued)

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:

Leasehold improvements	Over the term of leases
Computer equipment	20%
Office equipment	20%
Furniture and fixtures	20%
Motor vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. 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.

Gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognized in the consolidated income statement.

#### 2.6 Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group.

Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

Investment property is initially measured at its cost, including related transaction costs.

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

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

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.6 Investment property (Continued)

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

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

#### 2.7 Intangible assets

##### (a) Goodwill

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

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

##### (b) Trademarks and licenses

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

##### (c) Trading rights

Trading rights represent eligibility rights to trade on or through the Stock Exchange and on the Hong Kong Futures Exchange Limited with indefinite useful life, which are carried at cost less accumulated impairment losses.

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.8 Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life — for example goodwill or intangible assets not ready to use — are not subject to amortisation 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). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### 2.9 Financial assets

##### *Classification*

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivable and available-for-sale. 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. 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 end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "accounts receivable", "deposits and other receivables" and "cash and cash equivalents" in the consolidated statement of financial position.

##### *(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 mature or management intends to dispose of the investment within 12 months of the end of the reporting period.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.9 Financial assets (Continued)

##### *Recognition and measurement*

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

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

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.

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

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

#### 2.10 Impairment of financial assets

##### *(a) Assets carried at amortized cost*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.10 Impairment of financial assets (Continued)

(a) *Assets carried at amortized cost (Continued)*

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - (i) adverse changes in the payment status of borrowers in the portfolio;
  - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.10 Impairment of financial assets (Continued)

(b) *Assets classified as available for sale*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria refer to (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets 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 profit or loss — is removed from equity and recognized in the separate consolidated statement of comprehensive income. Impairment losses recognized in the separate consolidated statement of comprehensive income on equity instruments are not reversed through the separate consolidated statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the separate consolidated income statement.

#### 2.11 Trade and other receivables

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

#### 2.12 Cash and cash equivalents and client trust bank balances

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

Client trust bank balances are not readily usable by the Group and are excluded from cash and cash equivalents for the purpose of the consolidated statement of cash flows.

#### 2.13 Share capital

Ordinary shares are classified as equity.

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

#### 2.15 Borrowings

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

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

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

#### 2.16 Development costs

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

#### 2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries, jointly controlled entities and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.17 Current and deferred income tax (Continued)

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; 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, jointly controlled entities and associates, except for deferred income tax liability 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.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### 2.18 Employee benefits

##### (a) Pension obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of comprehensive income 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. At the end of each reporting period, the total amount of forfeited contributions, which arose upon employees leaving the MPF Scheme and available to reduce the contribution payable in future years was Nil (2013: Nil).

Retirement benefits to employees in the PRC are provided through a defined contribution plan. The Group is required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the central pension scheme. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.18 Employee benefits (Continued)

##### (b) *Share-based compensation*

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. 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 is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity. When the options are exercised, the company issues new shares. 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.

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

##### (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 end of the reporting period are discounted to present value.

#### 2.19 Provisions

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.19 Provisions (Continued)

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

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

#### 2.20 Revenue recognition

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

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

- (a) Service income from on-line content information provision is recognized on a time-proportion basis over the service period.
- (b) Income from Internet solutions is recognized when the services are rendered.
- (c) Income from advertisements on websites is recognized when the advertisements are placed.
- (d) Rental income from property letting is recognized in the period in which the properties are let and on a straight-line basis over the lease terms.
- (e) Commission income is recognized when the services are rendered.
- (f) Interest income is recognized using the effective interest method. When a loan and 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 loan and receivables are recognized using the original effective interest rate.
- (g) Dividend income is recognized when the right to receive payment is established.
- (h) Commission income from securities and futures brokerage is recognized on a trade date basis when the relevant transactions are executed.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.21 Leases

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

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

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

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

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

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

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

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

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

#### 2.22 Contingent liabilities and contingent assets

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.23 Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) both entities are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

#### 2.24 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.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 3. Financial Risk Management

#### 3.1 Financial risk factors

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

#### (a) Market risk

##### (i) Foreign exchange risk

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

##### (ii) Price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from, where applicable, individual equity investment classified as available-for-sale financial assets (*Note 22*) and held for trading investments (*Note 25*) as at 31 March 2013 and 2014. The Group's listed investments are listed on the Osaka Securities Exchange in Japan and the Stock Exchange, and are valued at quoted market prices at the end of the reporting period.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 3. Financial Risk Management (Continued)

#### 3.1 Financial risk factors (Continued)

##### (a) Market risk (Continued)

##### (ii) Price risk (Continued)

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

	Increase/ (decrease) in carrying amount of equity investments HK\$'000	Increase/ (decrease) in (loss)/profit before income tax HK\$'000	Increase/ (decrease) in equity* HK\$'000
<b>2014</b>			
5% increase in equity price	<b>19</b>	<b>19</b>	<b>19</b>
5% decrease in equity price	<b>(19)</b>	<b>(19)</b>	<b>(19)</b>
<b>2013</b>			
5% increase in equity price	3,505	3,503	2
5% decrease in equity price	(3,505)	(3,503)	(2)

\* Excluding retained earnings

##### (iii) Cash flow and fair value interest rate risk

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 3. Financial Risk Management (Continued)

#### 3.1 Financial risk factors (Continued)

##### (a) Market risk (Continued)

##### (iii) Cash flow and fair value interest rate risk (Continued)

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

	Increase/ (decrease) in basis points	Increase/ (decrease) in (loss)/profit before income tax HK\$'000	Increase/ (decrease) in equity* HK\$'000
<b>2014</b>			
Hong Kong dollar	50	65	—
Hong Kong dollar	(50)	(65)	—
<b>2013</b>			
Hong Kong dollar	50	83	—
Hong Kong dollar	(50)	(83)	—

\* Excluding retained earnings

##### (b) Credit risk

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

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

At the end of the reporting period, the Group has certain concentrations of credit risk as 53% (2013: 81%) and 79% (2013: 89%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively. Further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivables are disclosed in Note 23 to the consolidated financial statements.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 3. Financial Risk Management (Continued)

#### 3.1 Financial risk factors (Continued)

##### (c) Liquidity risk

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

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	On demand or within 1 year HK\$'000	More than 1 year but less than 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
<b>2014</b>				
Accounts payable	2,430	—	—	2,430
Accruals and other payables	8,351	—	—	8,351
Amount due to a related company	1,904	—	—	1,904
Borrowings	15,187	—	—	15,187
<b>2013</b>				
Accounts payable	1,026	—	—	1,026
Accruals and other payables	6,915	—	—	6,915
Amount due to a related company	4,398	—	—	4,398
Finance lease payables	45	—	—	45
Borrowings	19,292	1,421	828	21,541

For the purpose of managing liquidity risk, the management reviews the expected cash flow information of the Group's borrowings based on the scheduled repayment dates set out in the loan agreements as set out in the table below:

	Within 1 year HK\$'000	More than 1 year but less than 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
<b>2014</b>				
Borrowings	1,871	6,959	6,357	15,187
<b>2013</b>				
Borrowings	2,297	8,646	10,598	21,541

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 3. Financial Risk Management (Continued)

#### 3.2 Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. During the year ended 31 March 2014, the Group's strategy was unchanged from 2013.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total equity, as shown in the consolidated statement of financial position. The gearing ratios at 31 March 2014 and 2013 were as follows:

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Total borrowings (Notes 29 and 30)	<b>12,967</b>	16,672
Total equity	<b>146,403</b>	167,977
Gearing ratio	<b>9%</b>	10%

#### 3.3 Fair value estimation

Financial instruments that are measured in the balance sheet at fair value require disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 3. Financial Risk Management (Continued)

#### 3.3 Fair value estimation (Continued)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The Group's investment properties and available-for-sale financial assets are classified as level 2 and level 1 respectively, and there are no transfer among levels 1, 2 and 3 during the year. Details are disclosed in respective notes to the consolidated financial statements.

#### 3.4 Financial instruments by category

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

	Financial assets at fair value through profit or loss HK\$'000	Loans and receivables HK\$'000	Available-for- sale financial assets HK\$'000	Total HK\$'000
<b>Financial assets as per consolidated statement of financial position 31 March 2014</b>				
Statutory deposits and other assets (Note 20)	—	405	—	405
Available-for-sale financial assets (Note 22)	—	—	382	382
Accounts receivable (Note 23)	—	9,682	—	9,682
Deposits and other receivables	—	3,755	—	3,755
Client trust bank balances	—	342	—	342
Cash and cash equivalents (Note 26)	—	69,701	—	69,701
Total	—	83,885	382	84,267

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 3. Financial Risk Management (Continued)

#### 3.4 Financial instruments by category (Continued)

	Financial assets at fair value through profit or loss HK\$'000	Loans and receivables HK\$'000	Available-for- sale financial assets HK\$'000	Total HK\$'000
<b>Financial assets as per consolidated statement of financial position</b>				
<b>31 March 2013</b>				
Statutory deposits and other assets (Note 20)	—	405	—	405
Available-for-sale financial assets (Note 22)	—	—	33	33
Accounts receivable (Note 23)	—	18,566	—	18,566
Deposits and other receivables	—	4,210	—	4,210
Held for trading investments (Note 25)	70,065	—	—	70,065
Client trust bank balances	—	335	—	335
Cash and cash equivalents (Note 26)	—	19,576	—	19,576
<b>Total</b>	<b>70,065</b>	<b>43,092</b>	<b>33</b>	<b>113,190</b>

#### Financial liabilities at amortized cost HK\$'000

#### Financial liabilities as per consolidated statement of financial position

##### 31 March 2014

Accounts payable (Note 27)	<b>2,430</b>
Accruals and other payables	<b>8,351</b>
Amount due to a related company (Note 28)	<b>1,904</b>
Borrowings (Note 30)	<b>12,967</b>
<b>Total</b>	<b>25,652</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 3. Financial Risk Management (Continued)

#### 3.4 Financial instruments by category (Continued)

	Financial liabilities at amortized cost HK\$'000
<b>Financial liabilities as per consolidated statement of financial position</b>	
<b>31 March 2013</b>	
Accounts payable (Note 27)	1,026
Accruals and other payables	6,915
Amount due to a related company (Note 28)	4,398
Finance lease payables (Note 29)	37
Borrowings (Note 30)	16,635
	<hr/>
Total	29,011

### 4. Critical Accounting Estimates and Judgments

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

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

#### (a) Estimated fair values of investment properties

The Group has investment properties in Hong Kong and the PRC. In accordance with HKAS 40 "Investment property", all investment properties are carried at fair value. The fair value is based on active market prices which in turn depend on the property market conditions and the economic environment in the area in which such properties are located.

#### (b) Income taxes

The Group is subject to income taxes in certain jurisdictions. Significant judgment is required in determining the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination are made.

#### (c) Estimated impairment of trade and other receivables

The Group's management determines the impairment of trade and other receivables on a regular basis. This estimate is based on the credit history of its customers and current market conditions. Management reassesses the impairment of trade and other receivables at the end of the reporting period.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 4. Critical Accounting Estimates and Judgments (Continued)

#### (d) Estimated impairment of intangible assets other than goodwill

The Group periodically reviews internal or external resources to identify indications that the intangible assets other than goodwill have suffered any impairment in accordance with accounting policy stated in Note 2.8. If the recoverable amount of an intangible asset is estimated to be less than its carrying amount, the carrying amount of the intangible asset is reduced to its receivable amount. The assessment of the recoverable amount requires the use of estimates and assumptions.

### 5. Revenue

Revenue recognized during the year is as follows:

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000 (restated)
Service income from provision of financial information service	<b>15,557</b>	18,984
Advertising, investor relationship and branding promotion and communication service income	<b>3,465</b>	5,580
Brokerage commission and service income from securities and futures business	<b>11</b>	564
Loan interest income	<b>1,938</b>	1,703
Rental income from investment properties	<b>2,909</b>	2,660
	<b>23,880</b>	29,491

### 6. Other Income and Gains

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Dividend income from held for trading investments	<b>89</b>	433
Interest income from bank deposits	<b>4</b>	12
Net foreign exchange gains	<b>—</b>	336
Fair value gain on investment properties	<b>2,200</b>	3,900
Fair value gain on held for trading investments	<b>6,598</b>	51,867
Management fee income	<b>1,760</b>	1,416
Sundry income	<b>1</b>	180
	<b>10,652</b>	58,144

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 7. Segment Information

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

At 31 March 2014, the Group is organized into four main operating segments:

- (i) financial information service business — the development, production and provision of financial information service and technology solutions to corporate and retail clients in Hong Kong and the PRC; this segment also includes results of the media business providing advertising, investor relationship and branding promotion and communication service;
- (ii) securities and futures business that specializes in the provision of online securities and futures trading;
- (iii) money lending business; and
- (iv) property investment.

The segment results for the year ended 31 March 2014 are as follows:

	Financial information service business HK\$'000	Securities and futures business HK\$'000	Money lending business HK\$'000	Property investment HK\$'000	Group HK\$'000
<b>Gross revenue</b>	<b>19,173</b>	<b>11</b>	<b>1,938</b>	<b>2,909</b>	<b>24,031</b>
<b>Inter-segment revenue</b>	<b>(151)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(151)</b>
<b>Revenue from external customers</b>	<b>19,022</b>	<b>11</b>	<b>1,938</b>	<b>2,909</b>	<b>23,880</b>
Segment results	(17,991)	(2,594)	1	(32)	(20,616)
Finance costs					(595)
<b>Loss before income tax</b>					<b>(21,211)</b>
Income tax expense					(1,083)
<b>Loss for the year</b>					<b>(22,294)</b>
Other segment items included in the consolidated income statement are as follows:					
Provision for impairment loss of deposits	—	—	—	(500)	(500)
Provision for impairment loss of accounts receivable	(224)	—	—	—	(224)
Fair value gain on investment properties	—	—	—	2,200	2,200
Fair value gain on held for trading investments	6,598	—	—	—	6,598
Equity-settled share-based payments	(419)	—	—	—	(419)
Depreciation of property, plant and equipment	(1,860)	(54)	(1)	(176)	(2,091)

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 7. Segment Information (Continued)

The segment results for the year ended 31 March 2013 are as follows:

	Financial information service business HK\$'000	Securities and futures business HK\$'000	Money lending business HK\$'000	Property investment HK\$'000	Group HK\$'000
<b>Gross revenue</b>	24,564	567	1,703	2,660	29,494
<b>Inter-segment revenue</b>	—	(3)	—	—	(3)
<b>Revenue from external customers</b>	<u>24,564</u>	<u>564</u>	<u>1,703</u>	<u>2,660</u>	<u>29,491</u>
Segment results	26,929	(3,049)	617	2,920	27,417
Finance costs					<u>(722)</u>
<b>Profit before income tax</b>					26,695
Income tax expense					<u>(1,100)</u>
<b>Profit for the year</b>					<u><u>25,595</u></u>

Other segment items included in the consolidated income statement are as follows:

Provision for impairment loss of deposits	(2,239)	—	—	—	(2,239)
Fair value gain on investment properties	—	—	—	3,900	3,900
Fair value gain on held for trading investments	51,867	—	—	—	51,867
Equity-settled share-based payments	(350)	—	—	—	(350)
Depreciation of property, plant and equipment	<u>(2,776)</u>	<u>(96)</u>	<u>(1)</u>	<u>(25)</u>	<u>(2,898)</u>

Segment assets consist primarily of property, plant and equipment, investment properties, intangible assets, available-for-sale financial assets, held for trading investments, accounts receivable, prepayments, deposits and other receivables, tax recoverable, client trust bank balances and cash and cash equivalents. Segment liabilities comprise operating liabilities.

Capital expenditure comprises additions to property, plant and equipment, investment properties, intangible assets and statutory deposits and other assets, including additions resulting from acquisitions through business combinations.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 7. Segment Information (Continued)

The segment assets and liabilities at 31 March 2014 and capital expenditure for the year then ended are as follows:

	Financial information service business HK\$'000	Securities and futures business HK\$'000	Money lending business HK\$'000	Property investment HK\$'000	Group HK\$'000
Assets	<u>75,412</u>	<u>9,778</u>	<u>7,041</u>	<u>91,194</u>	<u>183,425</u>
Liabilities	<u>9,678</u>	<u>1,143</u>	<u>632</u>	<u>25,569</u>	<u>37,022</u>
Capital expenditure	<u>6,143</u>	<u>65</u>	<u>—</u>	<u>—</u>	<u>6,208</u>

The segment assets and liabilities at 31 March 2013 and capital expenditure for the year then ended are as follows:

	Financial information service business HK\$'000	Securities and futures business HK\$'000	Money lending business HK\$'000	Property investment HK\$'000	Group HK\$'000
Assets	<u>94,171</u>	<u>9,418</u>	<u>17,190</u>	<u>87,199</u>	<u>207,978</u>
Liabilities	<u>9,679</u>	<u>440</u>	<u>3,819</u>	<u>26,063</u>	<u>40,001</u>
Capital expenditure	<u>2,686</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,686</u>

The Group mainly operates in Hong Kong and the PRC.

	2014 HK\$'000	2013 HK\$'000
<b>Revenue</b>		
Hong Kong	<u>19,105</u>	24,680
The PRC	<u>4,775</u>	4,811
	<u>23,880</u>	<u>29,491</u>

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 7. Segment Information (Continued)

	2014 HK\$'000	2013 HK\$'000
<b>Total assets</b>		
Hong Kong	145,126	173,706
The PRC	37,917	34,239
Other countries	382	33
	<u>183,425</u>	<u>207,978</u>

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

	2014 HK\$'000	2013 HK\$'000
<b>Capital expenditure</b>		
Hong Kong	5,680	2,036
The PRC	528	650
	<u>6,208</u>	<u>2,686</u>

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

Revenue of approximately HK\$7,101,000 (2013: HK\$6,949,000) is derived from a single external customer and are attributable to financial information service business segment.

### 8. Other Operating Expenses

	2014 HK\$'000	2013 HK\$'000
Settlement of a litigation	—	4,000
	<u>—</u>	<u>4,000</u>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 9. Finance Costs

	2014 HK\$'000	2013 HK\$'000
Interest expense on bank borrowings:		
— not wholly repayable within five years	587	690
Interest on finance leases	8	32
	<u>595</u>	<u>722</u>

### 10. (Loss)/Profit Before Income Tax

	2014 HK\$'000	2013 HK\$'000
Operating lease payments		
— in respect of rented premises	5,884	5,631
— in respect of office equipment	13	13
Provision for impairment loss of deposits	500	2,239
Provision for impairment loss of accounts receivable	224	—
Depreciation of property, plant and equipment	2,091	2,898
Loss on disposal of property, plant and equipment	39	117
Direct operating expenses arising on rental-earning investment properties	147	129
Auditors' remuneration	388	388
	<u>388</u>	<u>388</u>

### 11. Income Tax Expense

Hong Kong profits tax is calculated at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Regulations on the Implementation of the EIT Law in the PRC, the applicable tax rate of the PRC subsidiaries in the PRC is 25% from 1 January 2008 onwards.

	2014 HK\$'000	2013 HK\$'000
<b>Current tax:</b>		
— Overseas taxation — the PRC	105	181
Deferred tax ( <i>Note 31</i> )	978	919
	<u>1,083</u>	<u>1,100</u>
Income tax expense	<u>1,083</u>	<u>1,100</u>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 11. Income Tax Expense (Continued)

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate of 16.5% (2013: 16.5%) as follows:

	2014 HK\$'000	2013 HK\$'000
(Loss)/profit before income tax	<u>(21,211)</u>	<u>26,695</u>
Tax calculated at Hong Kong profits tax rate	(3,500)	4,405
Effect of different tax rates of other jurisdictions	(564)	(589)
Income not subject to tax	(780)	(964)
Expenses not deductible for tax purposes	104	1,104
Tax effect of temporary differences not recognized	124	321
Tax losses for which no deferred income tax asset was recognized	4,721	3,919
Effect of revaluation of properties	978	919
Utilization of previously unrecognized tax losses	—	(8,015)
Income tax expense	<u>1,083</u>	<u>1,100</u>

### 12. Loss Attributable to Owners of the Company

The loss attributable to the owners of the Company is dealt with in the financial statements of the Company to the extent of approximately HK\$23,071,000 (2013: HK\$8,476,000).

### 13. (Loss)/Earnings Per Share

#### (a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company for the year ended 31 March 2014 of approximately HK\$(19,305,000) (2013: HK\$27,047,000 profit) by the weighted average number of approximately 440,818,000 (2013: 440,818,000) ordinary shares in issue during the year.

#### (b) Diluted

The computation of diluted (loss)/earnings per share for the years ended 31 March 2014 and 2013 did not assume the exercise of the Company's share options and warrants outstanding during those years since they are anti-dilutive.

### 14. Employee Benefit Expenses

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

	2014 HK\$'000	2013 HK\$'000
Wages and salaries	20,283	18,845
Equity-settled share-based payments	419	350
Pension costs-defined contribution plans	1,424	1,215
Others	857	450
	<u>22,983</u>	<u>20,860</u>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 15. Directors' and Chief Executive's Remuneration

The remuneration of every director and the chief executive of the Company for the years ended 31 March 2014 and 2013 are set out below:

	Fees HK\$'000	Salaries and allowances HK\$'000	Share-based payments HK\$'000	Contributions to pension schemes HK\$'000	Total HK\$'000
<b>Year ended 31 March 2014</b>					
<b>Executive Directors</b>					
Ms. LO Yuk Yee	—	2,400	—	15	2,415
Mr. CHOW Wing Chau	120	—	69	—	189
Mr. YIU Wing Hei	120	—	9	—	129
<b>Independent non-Executive Directors</b>					
Mr. SIU Siu Ling, Robert	120	—	—	—	120
Mr. WONG Wai Kin	120	—	—	—	120
Mr. LEUNG Chi Hung	120	—	—	—	120
	<b>600</b>	<b>2,400</b>	<b>78</b>	<b>15</b>	<b>3,093</b>

	Fees HK\$'000	Salaries and allowances HK\$'000	Share-based payments HK\$'000	Contributions to pension schemes HK\$'000	Total HK\$'000
<b>Year ended 31 March 2013</b>					
<b>Executive Directors</b>					
Ms. LO Yuk Yee	120	1,680	—	—	1,800
Mr. CHOW Wing Chau	75	—	58	—	133
Mr. YIU Wing Hei	75	—	58	—	133
Mr. IP Tse Fai, Alvin (resigned on 8 May 2012)	6	—	—	—	6
<b>Independent non-Executive Directors</b>					
Mr. SIU Siu Ling, Robert	75	—	—	—	75
Mr. WONG Wai Kin	75	—	—	—	75
Mr. LEUNG Chi Hung	75	—	—	—	75
	<b>501</b>	<b>1,680</b>	<b>116</b>	<b>—</b>	<b>2,297</b>



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 15. Directors' and Chief Executive's Remuneration (Continued)

No emoluments was paid or payable to chief executive of the Group during both years. The position of chief executive officer was vacant and its roles and responsibilities were shared amongst the members of the Board.

During the year ended 31 March 2014, no bonuses had been paid or receivable by the directors of the Company which are discretionary or are based on the Company's, the Group's or any member of the Group's performance.

During the year ended 31 March 2014, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office (2013: Nil). None of the directors of the Company waived or agreed to waive any remuneration during the year (2013: Nil).

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

### 16. Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the year included one (2013: one) director whose emoluments have been reflected in the analysis presented above. The emoluments payable to the remaining four (2013: four) individuals during the year are as follows:

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Basic salaries and allowances	<b>2,031</b>	2,016
Contributions to pension schemes	<b>60</b>	57
	<b>2,091</b>	2,073

The emoluments fell within the following band:

	<b>2014</b> <b>Number of</b> <b>individuals</b>	2013 Number of individuals
Emolument band Nil to HK\$1,000,000	<b>4</b>	4

During the year ended 31 March 2014, no bonuses had been paid or receivable by any of the five highest paid individuals which are discretionary or are based on the Company's, the Group's or any member of the Group's performance.

During the year ended 31 March 2014, 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 (2013: Nil).

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 17. Property, Plant and Equipment

The Group	Leasehold improvements HK\$'000	Computer equipment HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>At 1 April 2012</b>						
Cost	2,019	18,571	950	1,193	415	23,148
Accumulated depreciation	(1,059)	(15,902)	(659)	(911)	(212)	(18,743)
Net book amount	960	2,669	291	282	203	4,405
<b>Year ended 31 March 2013</b>						
Opening net book amount	960	2,669	291	282	203	4,405
Additions	979	585	55	1,067	—	2,686
Disposals	—	—	—	(117)	—	(117)
Depreciation	(1,028)	(1,455)	(124)	(208)	(83)	(2,898)
Exchange differences	—	6	—	2	—	8
Closing net book amount	911	1,805	222	1,026	120	4,084
<b>At 31 March 2013</b>						
Cost	2,998	17,713	1,514	2,325	415	24,965
Accumulated depreciation	(2,087)	(15,908)	(1,292)	(1,299)	(295)	(20,881)
Net book amount	911	1,805	222	1,026	120	4,084
<b>Year ended 31 March 2014</b>						
Opening net book amount	911	1,805	222	1,026	120	4,084
Additions	3,894	1,496	125	278	415	6,208
Disposals	(38)	—	—	(1)	—	(39)
Depreciation	(968)	(750)	(88)	(225)	(60)	(2,091)
Exchange differences	—	25	—	(31)	(1)	(7)
Closing net book amount	3,799	2,576	259	1,047	474	8,155
<b>At 31 March 2014</b>						
Cost	5,714	19,114	1,522	2,082	829	29,261
Accumulated depreciation	(1,915)	(16,538)	(1,263)	(1,035)	(355)	(21,106)
Net book amount	3,799	2,576	259	1,047	474	8,155

At 31 March 2014, the carrying amount of computer equipment included an amount of approximately HK\$Nil (2013: HK\$126,000) in respect of assets held under finance leases.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 17. Property, Plant and Equipment (Continued)

The Company	Leasehold improvements HK\$'000	Computer equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>At 1 April 2012</b>					
Cost	448	39	6	415	908
Accumulated depreciation	(66)	(3)	(1)	(212)	(282)
Net book amount	382	36	5	203	626
<b>Year ended 31 March 2013</b>					
Opening net book amount	382	36	5	203	626
Additions	23	—	—	—	23
Depreciation	(96)	(8)	(1)	(83)	(188)
Closing net book amount	309	28	4	120	461
<b>At 31 March 2013</b>					
Cost	471	39	6	415	931
Accumulated depreciation	(162)	(11)	(2)	(295)	(470)
Net book amount	309	28	4	120	461
<b>Year ended 31 March 2014</b>					
Opening net book amount	<b>309</b>	<b>28</b>	<b>4</b>	<b>120</b>	<b>461</b>
Depreciation	<b>(94)</b>	<b>(8)</b>	<b>(1)</b>	<b>(48)</b>	<b>(151)</b>
Closing net book amount	<b>215</b>	<b>20</b>	<b>3</b>	<b>72</b>	<b>310</b>
<b>At 31 March 2014</b>					
Cost	<b>471</b>	<b>39</b>	<b>6</b>	<b>415</b>	<b>931</b>
Accumulated depreciation	<b>(256)</b>	<b>(19)</b>	<b>(3)</b>	<b>(343)</b>	<b>(621)</b>
Net book amount	<b>215</b>	<b>20</b>	<b>3</b>	<b>72</b>	<b>310</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 18. Investment Properties

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
<b>Beginning of year</b>	<b>86,800</b>	82,900	<b>29,200</b>	27,700
Fair value gain	<b>2,200</b>	3,900	<b>1,600</b>	1,500
<b>End of year</b>	<b>89,000</b>	86,800	<b>30,800</b>	29,200

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

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Leases of between 10 to 50 years, held in:				
— Hong Kong	<b>58,200</b>	57,600	—	—
— The PRC	<b>30,800</b>	29,200	<b>30,800</b>	29,200
	<b>89,000</b>	86,800	<b>30,800</b>	29,200

Bank loans (*Note 30*) are secured by the above investment properties with carrying amount of approximately HK\$58,200,000 (2013: HK\$86,800,000).

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

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Not later than 1 year	<b>944</b>	2,425	—	1,458
Later than 1 year and no later than 5 years	—	—	—	—
	<b>944</b>	2,425	—	1,458

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 18. Investment Properties (Continued)

The Group obtains independent valuations for its investment properties at least annually. In current year, the valuations are performed by Roma Appraisals Limited ("Roma"), an independent professionally qualified valuers. Roma has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations and confirms that the valuations conform with Hong Kong Institute of Surveyors Valuation Standards on Properties.

At the end of each reporting period, the directors of the Company update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors of the Company determine a property's value within a range of reasonable fair value estimates.

Fair values of investment properties are generally derived using the direct comparison method. This valuation method is based on comparing the property to be valued directly with other comparable properties in close proximity, which have recently transacted. The most significant input into this valuation approach is price per square feet.

There has been no change from the valuation technique used in both years. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The valuation gain is included in "Other income and gains" in the consolidated income statement (*Note 6*).

The following tables present the investment properties of the Group and the Company carried at fair value by valuation method as at 31 March 2014:

#### Fair value hierarchy

##### The Group

	Quoted prices in active markets for identified assets Level 1 HK\$'000	Significant other observable inputs Level 2 HK\$'000	Significant unobservable inputs Level 3 HK\$'000	Total HK\$'000
Recurring fair value measurements				
Investment properties:				
— Hong Kong	—	58,200	—	58,200
— The PRC	—	30,800	—	30,800
	—	89,000	—	89,000

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 18. Investment Properties (Continued)

Fair value hierarchy (continued)  
The Company

	Quoted prices in active markets for identified assets Level 1 HK\$'000	Significant other observable inputs Level 2 HK\$'000	Significant unobservable inputs Level 3 HK\$'000	Total HK\$'000
Recurring fair value measurements				
Investment properties:				
— The PRC	—	30,800	—	30,800
	—	30,800	—	30,800

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers among Levels 1, 2 and 3 during the year.

### 19. Intangible Assets

The Group

	Goodwill HK\$'000	Trading rights in the Stock Exchange and Hong Kong Futures Exchange Limited HK\$'000	Total HK\$'000
<b>At 1 April 2012, 31 March 2013 and 31 March 2014</b>			
Cost	1,509	950	2,459
Accumulated amortization and impairment	(1,509)	—	(1,509)
Net book amount	—	950	950

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 20. Statutory Deposits and Other Assets

#### The Group

	2014 HK\$'000	2013 HK\$'000
Hong Kong Securities and Futures Commission		
— Securities dealer deposit	100	100
— Commodity dealer deposit	100	100
The Stock Exchange of Hong Kong Limited		
— Compensation fund deposit	50	50
— Fidelity fund deposit	50	50
Hong Kong Securities Clearing Company Limited		
— Guarantee fund	50	50
— Admission fee	50	50
Stamp duty deposit	5	5
	<b>405</b>	<b>405</b>

### 21. Investments in Subsidiaries

#### The Company

	2014 HK\$'000	2013 HK\$'000
Unlisted investments, at cost	37,595	34,825
Loss: provision for impairment loss ( <i>Note</i> )	(16,894)	(16,894)
	<b>20,701</b>	17,931
Amounts due from subsidiaries	189,676	196,962
Less: provision for impairment loss	(147,005)	(125,612)
	<b>42,671</b>	71,350
	<b>63,372</b>	89,281

During both years, the directors of the Company reviewed the carrying values of the investments in subsidiaries. The recoverable amounts of these investments were determined with reference to the directors' estimate of discounted future cash flows and net assets of these investments as at the end of the reporting period.

*Note:* A provision for impairment loss recognized against the Company's costs of investments in subsidiaries of approximately HK\$16,894,000 (2013: HK\$16,894,000) as at 31 March 2014 and 2013 because the related recoverable amounts of the investments with reference to the net assets value of the respective subsidiaries were estimated to be less than the carrying amounts of the investments. Accordingly, the carrying amounts of the related investments were reduced to their recoverable amounts at 31 March 2014 and 2013.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 21. Investments in Subsidiaries (Continued)

The following is a list of the Company's subsidiaries at 31 March 2014:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operations	Particulars of issued capital/registered/paid-up capital	Interest held
Finet Group (BVI) Limited	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of US\$1 each	100% (Direct)
China Finance Holdings Limited	Hong Kong, limited liability company	Provision of securities dealing referral services in Hong Kong	Ordinary HK\$5,000,000	100% (Direct)
Finet Group Technology (Shenzhen) Limited	PRC, wholly foreign owned enterprise	Provision of financial information services in the PRC	Registered and paid-up capital of HK\$11,000,000	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	Ordinary HK\$68,990,025	100% (Indirect)
Finet News Services Limited	Hong Kong, limited liability company	Provision of financial information services in Hong Kong and the PRC and investment holding	Ordinary HK\$10,000	100% (Indirect)
China Hong Kong News Group Limited	Hong Kong, limited liability company	Investment holding	Ordinary HK\$1	100% (Indirect)
Finet Information Services Limited	Hong Kong, limited liability company	Investment holding	Ordinary HK\$2	100% (Indirect)
China Hong Kong Finance Group Limited	Hong Kong, limited liability company	Investment holding	Ordinary HK\$10,000	100% (Indirect)
Top 100 Hong Kong Company Limited	Hong Kong, limited liability company	Event hosting	Ordinary HK\$10,000	100% (Indirect)
Finet Finance Limited	Hong Kong, limited liability company	Money lending	Ordinary HK\$2	100% (Indirect)
Finet Asset Management Limited	Hong Kong, limited liability company	Inactive	Ordinary HK\$10,000	100% (Indirect)
Finet Corporate Finance Limited	Hong Kong, limited liability company	Inactive	Ordinary HK\$2	100% (Indirect)



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 21. Investments in Subsidiaries (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operations	Particulars of issued capital/registered/paid-up capital	Interest held
Hong Kong Affairs Limited	Hong Kong, limited liability company	Data hosting	Ordinary HK\$10,000	100% (Indirect)
Finet Securities Limited	Hong Kong, limited liability company	Acting as dealer in securities and commodities and trading in securities and commodities	Ordinary HK\$22,000,000	100% (Direct)
Finet Job Limited	Hong Kong, limited liability company	Recruitment	Ordinary HK\$10,000	100% (Indirect)
Pink Angel Investments Limited	British Virgin Islands, limited liability company	Property investment	10,000 ordinary shares of US\$ 1 each	100% (Indirect)
財華金科網絡技術開發(深圳)有限公司	PRC, wholly foreign owned enterprise	Provision of financial information services in the PRC	Registered capital of HK\$10,000,000, paid-up capital of HK\$ 3,000,000	100% (Indirect)
深圳市財華智庫信息技術有限公司	PRC, limited liability company	Provision of financial information services in the PRC	Registered and paid-up capital of RMB 1,000,000	100% (Indirect)
Finet New Media Limited	British Virgin Islands, limited liability company	Investment holding	2 ordinary shares of HK\$ 1 each	100% (Indirect)
Xian Dai TV Limited	Hong Kong, limited liability company	Media business	Ordinary HK\$8,000,000	50% (Indirect)
Xian Dai Communications Limited	Hong Kong, limited liability company	Financial public relationship business	Ordinary HK\$100	50% (Indirect)
FinTV Video Company Limited	Hong Kong, limited liability company	Video making	Ordinary HK\$10,000	50% (Indirect)
Xian Dai Creative Advertising Company Limited	Hong Kong, limited liability company	On-line and off-line advertising	Ordinary HK\$10,000	50% (Indirect)

#### Amounts due from/(to) subsidiaries

The amounts due from/(to) subsidiaries as shown on the Company's statement of financial position and intra-group balances are unsecured, interest-free and repayable on demand.

In the opinion of the directors of the Company, the Group does not have any non-wholly owned subsidiaries with material non-controlling interests.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 22. Available-For-Sale Financial Assets

#### The Group and the Company

	2014 HK\$'000	2013 HK\$'000
<b>Beginning of year</b>	<b>33</b>	112
Additions	42	—
Net gain/(loss) transfer to equity	307	(79)
<b>End of year</b>	<b>382</b>	33

Available-for-sale financial assets include the following:

	2014 HK\$'000	2013 HK\$'000
Equity securities listed in Japan	382	33
Market value of listed equity securities	382	33

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

The following table presents the available-for-sale financial assets that are measured at fair value at 31 March 2014:

	Quoted prices in active markets for identified assets Level 1 HK\$'000	Significant other observable inputs Level 2 HK\$'000	Significant unobservable inputs Level 3 HK\$'000	Total HK\$'000
Available-for-sale financial assets	382	—	—	382
	382	—	—	382

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 23. Accounts Receivable The Group

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Loans receivable	<b>6,581</b>	15,447
Trade receivables	<b>3,325</b>	3,119
Less: provision for impairment of accounts receivable	<b>(224)</b>	—
	<b>3,101</b>	3,119
Accounts receivable	<b>9,682</b>	18,566

Loans receivable are unsecured, interest-bearing at rates ranging from 2% per month to 3% per month, and have a maturity date of less than one year.

The credit terms granted by the Group to its customers range from 10 days to 90 days from the date of billing. The carrying amounts of the accounts receivable approximate to their fair values as these financial assets, which are measured at amortized cost, are expected to be paid within a short period of time, such that the impact of the time value of money is not significant. At 31 March 2014, the aging analysis of the trade receivables was as follows:

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
0–30 days	<b>1,329</b>	1,490
31–60 days	<b>104</b>	431
61–90 days	<b>28</b>	47
Over 90 days	<b>1,640</b>	1,151
	<b>3,101</b>	3,119

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 23. Accounts Receivable (Continued)

As of 31 March 2014, trade receivables of approximately HK\$1,640,000 (2013: HK\$1,151,000) were past due but not impaired. These relate to several major independent customers with no recent history of default.

Aging of trade receivables which are past due but not impaired:

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Over 90 days	<u><b>1,640</b></u>	<u>1,151</u>

At the end of each reporting period, the recoverability of the Group's trade receivables due from individual customers are assessed based on their credit history, their financial conditions and current market conditions. Consequently, specific impairment provision is recognized.

Movements on the provision for impairment loss of accounts receivable were as follows:

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
At the beginning of year	—	—
Provision for impairment loss of accounts receivable	<u><b>224</b></u>	—
At the end of year	<u><b>224</b></u>	—

The individually impaired receivable mainly relates to a customer which is in unexpectedly difficult economic situations.

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

#### The Group

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Hong Kong dollars	<b>9,400</b>	17,809
Renminbi	<b>239</b>	674
United States dollars	<b>43</b>	83
	<u><b>9,682</b></u>	<u>18,566</u>

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 24. Prepayments, Deposits and Other Receivables The Group

	2014 HK\$'000	2013 HK\$'000
Prepayments	1,047	2,990
Utility and other deposits	4,062	3,932
Other receivables	193	236
Amount due from a former director	4,661	4,661
Amounts due from former subsidiaries	8,995	8,995
	<b>18,958</b>	20,814
Less: provision of impairment loss	<b>(14,156)</b>	(13,656)
	<b>4,802</b>	7,158

The amount due from a former director, Yu Gang, George was unsecured, interest-free and repayable on demand. Management considered the amount due might not be recoverable and a full provision for impairment loss had been made in the year ended 31 March 2011.

The amounts due from former subsidiaries (namely, China Game & Digital Entertainment Limited and its subsidiaries) were unsecured, interest-free and repayable on demand. Management considered the amounts due might not be recoverable and a full provision for impairment loss had been made in the year ended 31 March 2011.

### 25. Held for Trading Investments The Group

	2014 HK\$'000	2013 HK\$'000
Listed securities, held for trading:		
— Equity securities — Hong Kong	—	70,065
Market value of listed securities	—	70,065

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 25. Held for Trading Investments (Continued)

#### The Group (Continued)

Held for trading investments are denominated in the following currencies:

	2014 HK\$'000	2013 HK\$'000
Hong Kong dollars	—	70,065

The fair values of the above equity securities were based on their current bid prices in an active market.

At 31 March 2013, the carrying amount of interests in the following company exceeded 10% of total assets of the Group:

Name	Place of incorporation	Principal activities	Particulars of issued shares held	Interest held
NewOcean Energy Holdings Limited	Bermuda, limited liability company	Sale and distribution of liquefied petroleum gas, sale of oil products and sale of electronic products	15,816,000 ordinary shares of HK\$0.10 each	1.21%

### 26. Cash and Cash Equivalents

	2014 HK\$'000	2013 HK\$'000
<b>The Group</b>		
Cash at banks and in hand	69,701	19,576
<b>The Company</b>		
Cash at banks and in hand	383	351

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

At 31 March 2014, approximately 95% (2013: 88%) of the Group's bank balances and deposits are denominated in HK\$ and, Nil% (2013: 11%) in United States dollars and 5% (2013: 1%) in Renminbi. Renminbi is not a freely convertible currency and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 27. Accounts Payable

#### The Group

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Accounts payable arising from securities broking — Clients	<b>306</b>	298
Accounts payable arising from futures broking — Clients	<b>36</b>	37
Other accounts payable	<b>2,088</b>	691
Accounts payable	<b>2,430</b>	1,026

The settlement terms of accounts payable arising from securities broking are one to two trade days after the trade execution date.

Accounts payable to clients arising from futures broking are margin deposits received from clients for their trading of futures contracts. The excess of the outstanding amounts over the required margin deposits stipulated are repayable to clients on demand.

At 31 March 2014, the aging analysis of the other accounts payable was as follows:

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
0–30 days	<b>1,378</b>	61
31–60 days	<b>289</b>	395
61–90 days	<b>71</b>	—
Over 90 days	<b>350</b>	235
	<b>2,088</b>	691

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

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Renminbi	<b>12</b>	12
Hong Kong dollars	<b>2,366</b>	634
Japanese Yen	<b>—</b>	8
United States dollars	<b>52</b>	372
	<b>2,430</b>	1,026

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 28. Amount Due to a Related Company

At 31 March 2014, the amount due was unsecured, interest-free and repayable on demand.

### 29. Finance Lease Payables

The Group leased certain of its computer equipment under finance lease agreements. The finance leases were repayable by installments of 36 months and were fully repaid as at 31 March 2014.

At 31 March 2014, the total future minimum lease payments under the finance leases and their present values were as follows:

#### The Group

	Minimum lease payments		Present value of minimum lease payments	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Amounts payable:				
Within one year	—	45	—	37
Total minimum finance lease payments	—	45	—	37
Future finance charges	—	(8)	—	—
Total net finance lease payables	—	37	—	37
Portion classified as current liabilities	—	(37)		
Non-current portion	—	—		

The Group's finance lease arrangements bear interest at a fixed rate and its carrying amounts approximate to its fair values.

The carrying amounts of the finance lease payables are denominated in Renminbi.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 30. Bank Borrowings

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Secured bank loans — floating rates	<b>12,967</b>	16,635	—	2,254
At 31 March 2014, the bank loans are repayable as follows:				
Within 1 year	<b>1,415</b>	1,684	—	269
Between 1 and 2 years	<b>1,415</b>	1,696	—	282
Between 2 and 5 years	<b>4,244</b>	5,150	—	906
Over 5 years	<b>5,893</b>	8,105	—	797
	<b>12,967</b>	16,635	—	2,254
Less: amount due within one year shown under current liabilities	<b>(12,967)</b>	(14,650)	—	(269)
Amount due after one year shown under non-current liabilities	—	1,985	—	1,985

As at 31 March 2014, the bank borrowings amount to approximately HK\$12,967,000 (2013: HK\$14,381,000) is classified as current liabilities because the related loan agreement contains a repayment on demand clause which gives the lender the unconditional right to call the loan at any time. This bank borrowing will mature in February 2023.

The bank loans were secured by certain investment properties of the Group (Note 18) and a limited guarantee at the amount of HK\$17,000,000 provided by the Company and a director of the Company respectively.

The contractual interest rates on the Group's floating rate bank loans ranged from 3.7% (2013: 3.8%) per annum to 4% (2013: 4%) per annum.

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 31. Deferred Tax

The movement on the deferred income tax liabilities account is as follows:

#### The Group

	Revaluation of properties HK\$'000	Accelerated tax depreciation HK\$'000	Total HK\$'000
At 1 April 2012	7,985	57	8,042
Charge to the consolidated income statement	900	19	919
At 31 March 2013 and 1 April 2013	8,885	76	8,961
Charge to the consolidated income statement	960	18	978
At 31 March 2014	<b>9,845</b>	<b>94</b>	<b>9,939</b>

#### The Company

	Revaluation of properties HK\$'000
At 1 April 2012	7,985
Charge to the income statement	900
At 31 March 2013 and 1 April 2013	8,885
Charge to the income statement	960
At 31 March 2014	<b>9,845</b>

The Group's deferred tax assets not recognized in the financial statements are as follows:

	2014 HK\$'000	2013 HK\$'000
Tax losses	<b>16,834</b>	12,793

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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 32. Share Capital

	2014		2013	
	Number of shares	Amount (HK\$'000)	Number of shares	Amount (HK\$'000)
Ordinary shares of HK\$0.01 (2013: HK\$0.01) each				
Authorized:				
<b>At beginning of year and at the end of year</b>	<b><u>15,000,000,000</u></b>	<b><u>150,000</u></b>	<u>15,000,000,000</u>	<u>150,000</u>
Issued and fully paid:				
<b>At beginning of year and at the end of year</b>	<b><u>440,818,880</u></b>	<b><u>4,408</u></b>	<u>440,818,880</u>	<u>4,408</u>

Notes:

As at 31 March 2014, the Company has outstanding warrants conferring the rights to subscribe up to HK\$35,441,124 in aggregate for the shares of the Company.

### 33. Share-Based Employee Compensation Share Option Scheme

The Company adopted a share option scheme ("Share Option Scheme") on 16 December 2004. The Share Option Scheme is a share incentive scheme and is established to recognize and acknowledge the contributions which the eligible participants thereunder have made or may make to the Group. The Share Option Scheme is aimed to provide the eligible participants with the opportunity to own a personal stake in the Company with a view to achieving the objectives of motivating the eligible participants and attracting/or and retaining or otherwise maintaining on-going relationship with the eligible participants whose contributions are, will be or are likely to be beneficial to the long term growth of the Group. The Share Option Scheme, unless otherwise altered or terminated, will remain in force for 10 years from the date of its adoption, i.e. until 15 December 2014.

Eligible participants to the Share Option Scheme include (i) any director (whether executive or non-executive or independent non-executive), employee (whether full time or part time), officer, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or any entity in which the Company or any subsidiaries holds any interest; and (ii) any discretionary trust the discretionary objects of which include any director (whether executive, non-executive or independent non-executive), employee (whether full time or part time), officer, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or any entity in which the Company or subsidiaries holds any interest, together with any corporation wholly-owned by any person mentioned in (i).

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 33. Share-Based Employee Compensation (Continued)

#### Share Option Scheme (Continued)

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 "10% General 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 10% General Limit at any time in accordance with the GEM Listing Rules.

The 10% General Limit has been refreshed at the annual general meeting of the Company held on 7 August 2012 ("2012 AGM"), and hence the 10% General Limit as at 31 March 2014 was 44,081,888 shares of HK\$0.01 each being 10% of the number of shares in issue as at the date of the 2012 AGM of the Company of 440,818,880 shares of HK\$0.01 each.

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

Share options granted to Executive 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.

An offer shall remain open for acceptance by an eligible participant for a period of 21 days from the date of such offer.

The exercise price of the share options is determinable by the directors of the Company, 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 33. Share-Based Employee Compensation (Continued)

#### Share Option Scheme (Continued)

The following table discloses movements of the share options granted under the Share Option Scheme during the year ended 31 March 2014:

Grantee	Date of grant	Adjusted exercise price	Exercise period	Outstanding as at 1 April 2013	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Outstanding as at 31 March 2014
<b>Share Option Scheme:</b>								
<b>Executive Directors</b>								
Mr. CHOW Wing Chau	30 September 2011	HK\$0.49	Note 1	500,000	—	—	(125,000) <sup>^</sup>	375,000
	3 January 2014	HK\$0.50	Note 2	—	500,000	—	—	500,000
Mr. YIU Wing Hei	30 September 2011	HK\$0.49	Note 1	500,000	—	—	(125,000) <sup>^</sup>	375,000
Sub-total				1,000,000	500,000	—	(250,000)	1,250,000
<b>Employee</b>								
	30 September 2011	HK\$0.49	Note 1	1,000,000	—	—	(250,000) <sup>^</sup>	750,000
	3 January 2014	HK\$0.50	Note 2	—	1,000,000	—	—	1,000,000
<b>Employee</b>	30 September 2011	HK\$0.49	Note 1	1,000,000	—	—	(250,000) <sup>^</sup>	750,000
	3 January 2014	HK\$0.50	Note 2	—	1,000,000	—	—	1,000,000
<b>Employee</b>	3 January 2014	HK\$0.50	Note 2	—	1,000,000	—	—	1,000,000
<b>Employee</b>	3 January 2014	HK\$0.50	Note 2	—	500,000	—	—	500,000
Sub-total				2,000,000	3,500,000	—	(500,000)	5,000,000
Total				3,000,000	4,000,000	—	(750,000)	6,250,000

<sup>^</sup> The 750,000 share options granted under the Share Options Scheme lapsed upon the expiry of eligible period for exercise of the options concerned.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 33. Share-Based Employee Compensation (Continued)

#### Share Option Scheme (Continued)

The following table discloses movements of the share options granted under the Share Option Scheme during the year ended 31 March 2013:

Grantee	Date of grant	Adjusted exercise price	Exercise period	Outstanding as at 1 April 2012	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Outstanding as at 31 March 2013
<b>Share Option Scheme:</b>								
<b>Executive Directors</b>								
Mr. CHOW Wing Chau	30 September 2011	HK\$0.49	Note 1	500,000	—	—	—	500,000
Mr. YIU Wing Hei	30 September 2011	HK\$0.49	Note 1	500,000	—	—	—	500,000
Sub-total				1,000,000	—	—	—	1,000,000
<b>Employee</b>	30 September 2011	HK\$0.49	Note 1	1,000,000	—	—	(1,000,000) <sup>#</sup>	—
<b>Employee</b>	30 September 2011	HK\$0.49	Note 1	1,000,000	—	—	—	1,000,000
<b>Employee</b>	30 September 2011	HK\$0.49	Note 1	1,000,000	—	—	—	1,000,000
<b>Distributor</b>	30 September 2011	HK\$0.49	Note 1	4,000,000	—	—	(4,000,000) <sup>^</sup>	—
Sub-total				7,000,000	—	—	(5,000,000)	2,000,000
Total				8,000,000	—	—	(5,000,000)	3,000,000

<sup>^</sup> The 4,000,000 share options granted under the Share Options Scheme lapsed or cancelled upon the termination of the service agreement with the distributors of the Group.

<sup>#</sup> The 1,000,000 share options granted under the Share Options Scheme lapsed upon the resignation of the employees of the Group.

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 fair value of options granted on 30 September 2011 ("Option 1") was determined by using the Binomial options-pricing model at the date of grant; no subsequent revaluation at the year ended is required. The significant inputs into the model were closing share price of HK\$0.49 at the grant date, exercise price of HK\$0.49, volatilities ranging from 94% to 96%, dividend yield of nil, expected option lives ranging from 1 to 2 years, and annual risk-free interest rates ranging from 0.19% to 0.55%.

The fair value of options granted on 3 January 2014 ("Option 2") was determined by using the Binomial options-pricing model at the date of grant; no subsequent revaluation at the year ended is required. The significant inputs into the model were closing share price of HK\$0.50 at the grant date, exercise price of HK\$0.50, volatilities of 73.88%, dividend yield of nil, expected option lives ranging from 2 to 3 years, and annual risk-free interest rate of 2.34%.

The total expense recognized in the consolidated income statement for share options granted to directors of the Company and employees was disclosed in Note 14.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 33. Share-Based Employee Compensation (Continued)

#### Share Option Scheme (Continued)

Notes:

1. For share options granted on 30 September 2011.

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

		<b>As at 31 March 2014</b>	As at 31 March 2013
Vesting period:	6 months after 30 September 2011:	<b>lapsed</b>	25%
	12 months after 30 September 2011:	<b>25%</b>	25%
	18 months after 30 September 2011:	<b>25%</b>	25%
	24 months after 30 September 2011:	<b>25%</b>	25%

2. For Share options granted on 3 January 2014

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

Vesting period:	6 months after 3 January 2014:	50%
	12 months after 3 January 2014:	50%

During the year ended 31 March 2014, employee share-based compensation of approximately HK\$419,000 (2013: HK\$350,000) has been included in the consolidated income statement with a corresponding credit to the employee compensation reserve.

At 31 March 2014, the Company had 6,250,000 (2013: 3,000,000) share options outstanding under the Share Option Scheme.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 34. Reserves

#### The 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.

#### The Company

	Share premium HK\$'000	Employee compensation reserve HK\$'000	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Warrants reserve HK\$'000	Accumulated losses HK\$'000	Total reserves HK\$'000
<b>Balance at 1 April 2012</b>	223,509	536	9,989	(1,220)	1,763	(126,002)	108,575
<b>Comprehensive income</b>							
Loss for the year	—	—	—	—	—	(8,476)	(8,476)
<b>Other comprehensive income</b>							
Fair value loss on available-for-sale financial assets (Note 22)	—	—	—	(79)	—	—	(79)
<b>Total comprehensive income</b>	—	—	—	(79)	—	(8,476)	(8,555)
<b>Transactions with owners</b>							
Share option, lapsed during the year	—	(134)	—	—	—	134	—
Employee share-based compensation	—	350	—	—	—	—	350
<b>Total transactions with owners</b>	—	216	—	—	—	134	350
<b>Balance at 31 March 2013 and 1 April 2013</b>	223,509	752	9,989	(1,299)	1,763	(134,344)	100,370
<b>Comprehensive income</b>							
Loss for the year	—	—	—	—	—	(23,071)	(23,071)
<b>Other comprehensive income</b>							
Fair value gain on available-for-sale financial assets (Note 22)	—	—	—	307	—	—	307
<b>Total comprehensive income</b>	—	—	—	307	—	(23,071)	(22,764)
<b>Transactions with owners</b>							
Share options lapsed during the year	—	(178)	—	—	—	178	—
Employee share-based compensation	—	419	—	—	—	—	419
<b>Total transactions with owners</b>	—	241	—	—	—	178	419
<b>Balance at 31 March 2014</b>	<b>223,509</b>	<b>993</b>	<b>9,989</b>	<b>(992)</b>	<b>1,763</b>	<b>(157,237)</b>	<b>78,025</b>



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 35. Commitments

#### (a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

*The Group*

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Investment in a subsidiary	<b>7,000</b>	7,000
Property, plant and equipment	—	546
	<b>7,000</b>	7,546

#### (b) Operating lease commitments

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

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

*The Group*

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
No later than 1 year	<b>4,874</b>	2,128
Later than 1 year and no later than 5 years	—	26
	<b>4,874</b>	2,154

The Company had no significant operating lease commitment as at 31 March 2014 and 2013.

### 36. Contingent Liabilities

During the year ended 31 March 2008, three libel actions were brought by a company and an individual (collectively the "Plaintiffs") against the Group in respect of the publication of words alleged to be defamatory and concerning articles published on the Group's website in 2007. The Plaintiffs sought, among other things, injunctive relief and unliquidated damages. The directors of the Company are of the opinion that the Group has a meritorious defense against such claims and therefore filed defense on 13 November 2007 and 9 April 2008 against all three libel actions consecutively. No further steps have been taken by the Plaintiffs since the filing of the defense. Accordingly, the directors of the Company are of the opinion that these claims would not have any material adverse effect on the Group, and no provisions have been made in the financial statements in respect thereof.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 37. Significant Related Party Transactions

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

#### Group

	2014 HK\$'000	2013 HK\$'000
Management fee paid to Maxx Capital Finance Limited ( <i>Note i</i> )	600	660
Referral fee and interest expenses in relation to the money lending business paid to Maxx Capital Finance Limited ( <i>Note i</i> )	723	833
Rental expense paid to Cyber Feel Limited ( <i>Note ii</i> )	<u>2,896</u>	<u>—</u>

#### Notes:

- (i) Maxx Capital Finance Limited is beneficially owned by Ms. LO Yuk Yee, the chairman and the director of the Company.
- (ii) This transaction constituted continuing connected transaction as defined in the GEM Listing Rules. Cyber Feel Limited is beneficially owned by Ms. LO Yuk Yee, the chairman and the director of the Company. For the year ended 31 March 2014, the annual cap payable by the Group to Cyber Feel under the tenancy agreement, excluding management fee and government rates amount to HK\$2,895,600.

## Financial Summary

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000	2012 HK\$'000 (restated)	2011 HK\$'000 (restated)	2010 HK\$'000 (restated)
<b>RESULTS</b>					
Revenue	<b>23,880</b>	29,491	27,167	35,144	32,047
Operating (loss)/profit	<b>(20,615)</b>	27,417	(19,000)	(34,329)	(47,929)
Finance costs	<b>(595)</b>	(722)	(397)	(227)	(210)
(Loss)/profit for the year	<b>(22,294)</b>	25,595	(20,553)	(41,486)	(48,242)
(Loss)/earnings per share					
— Basic (in HK cents)	<b>(4)</b>	6	(6)	(49)	(79)
— Diluted (in HK cents)	<b>(4)</b>	6	(6)	(49)	(79)
<b>ASSETS AND LIABILITIES</b>					
Non-current assets	<b>98,892</b>	92,272	88,772	31,598	24,359
Current assets	<b>84,533</b>	115,706	96,330	75,118	72,403
Current liabilities	<b>27,083</b>	29,055	36,984	25,907	9,814
Non-current liabilities	<b>9,939</b>	10,946	10,333	9,561	2,940
Net assets	<b>146,403</b>	167,977	137,785	71,248	84,008

## Properties Held by the Group

Particulars of the Group's investment properties are as follows:

No	Property	Type	Group's effective holding	Gross area (approximately square feet)	Lease term
1	12A03 and 12A04, Anlian Plaza, Junction of Jintian Road and Fuzhong San Road, Futian District, Shenzhen City, Guangdong Province, the People's Republic of China	Commercial	100%	5,325 sq.ft	Medium term lease with 50 years commencing on 23 January 2002 and expiring on 22 January 2052
2	Units 901 and 920 on 9th Floor, China Merchants Tower, Shun Tak Centre, Nos. 168–200 Connaught Road Central, Hong Kong	Commercial	100%	1,940 sq.ft	Long term lease with 75 years renewable for 75 Years commencing on 31 December 1980