



財華社  
FINET

# Finet Group Limited

(Continued in Bermuda with limited liability)

(Stock Code: 08317)



Annual Report  
2014 / 2015



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

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

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to 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.







# 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. PO Eric

### 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	
	2015 HK\$'000	2014 HK\$'000
<b>Operating results</b>		
Revenue	19,292	23,880
Loss attributable to owners of the Company	(36,214)	(19,305)
Loss attributable to non-controlling interests	(3,206)	(2,989)
	As at 31 March	
	2015 HK\$'000	2014 HK\$'000
<b>Financial position</b>		
Total assets	149,528	183,425
Total liabilities	36,047	37,022
Net assets	113,481	146,403
Cash and cash equivalents	43,650	69,701
	Year ended 31 March	
	2015	2014
<b>Loss per share for loss attributable to owners to the Company during the year</b>		
Basic and diluted (in HK cent)	(8.2) cents	(4.4) cents



## Statement from the Chairman

The year of 2014/2015 is a remarkable year for Finet Group Limited. We have expanded our FinTV business, streamlined financial information service business and granted mass media recognition to the event “Top 100 Hong Kong Stocks”. The Group has become one of the most popular and viewed internet TV for financial information in Hong Kong as well as Mainland China. Our information can be accessed and viewed on mobile devices via our mobile Apps, and affiliate websites, which strengthens our Group status as one of the leading financial information services provider. The number of viewers reaches an estimated 5 million.

Despite of the fierce competitions in the industry of unlicensed TV, we are in a leading position for new bilingual media platform for financial data and video in Hong Kong and Mainland China. With an increase usage of smart phones and mobile devices as a means of research platform, this provides an unprecedented opportunity to penetrate our services to different demographic of the viewers, which will enhance our competitiveness in the online advertising business field.

With our studios in Admiralty, our production team has produced more than 13,000 programs with our own proprietary contents. To distribute our contents effectively, we have established different channels of recognition using worldwide portals such as MSN, Yahoo, Sina and Tencent, etc. Additional channels will be confirmed in order to enlarge our awareness in the public in this market. This will give us an opportunity to grow rapidly in the oncoming year.

To maintain the level of professional standard and the width and depth of contents, we have invested in the talents, which would increase our human resources spending by approximately 18%. Also, we have continued to invest in sophisticated hardware, studio equipment, and telecom infrastructure to ensure our advantages in this competitive field. Additional programs are being designed, such as investment education program, which will provide another source of online advertising income. Our strategy will switch from the previous integrator’s system services for financial information to various sources of online advertising income.

The implementation of the Shanghai — Hong Kong Stock Connect, coming Shenzhen — Hong Kong Stock Connect, and China — HK Mutual Fund Connect are huge opportunities. The Group will focus on the securities brokerage business and financial information services business in Hong Kong and China. The Group will further develop Finance PR business to diversify the sources of income. With the support of the Big Data Solution, we will develop an App providing finance products or services information to target customers enabled by the Big Data Solution recommendation engine. Our Group has been a key provider of financial data for Hong Kong listed companies since 1998, and, we will expand our listed company data base to Hong Kong, Shanghai, and Shenzhen listed companies. We aim to be one of the largest providers of information of listed companies in Hong Kong and Mainland China.

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

Lastly, I would like 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 continuing supports, the Group would not have been able to transform itself to the new media platform successfully it is today.

**LO Yuk Yee**  
*Chairman*

19 June 2015

# 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. 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 drivers for future growth in business. To broaden its revenue bases and to better utilize its resources, the Group continued to tap on the property investment 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 results, 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 in 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

Due to the keen competition within the market, the Group’s money lending business started to decline.

## 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 and HK local 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 third consecutive year and re-affirms the Group’s status as one of the leading financial information services provider in Hong Kong.



## Management Discussion and Analysis

### Securities and Futures Business

Under the volatile situation of stock markets and keen competition, the revenue generated from securities and futures business slightly increased by approximately HK\$35,000.

### Financial Review

Revenue of the Group for the year ended 31 March 2015 was approximately HK\$19,292,000 (2014: HK\$23,880,000), which represented a decrease of approximately 19.2% as compared to the previous financial year. The net decrease was primarily attributable to: (i) a decrease in loan interest income of approximately HK\$1,299,000 from money lending business; (ii) a decrease in income from financial information services and advertising services of approximately HK\$3,352,000; (iii) a slight increase in the income from securities and futures business of approximately HK\$35,000; and (iv) rental income from property investment business remained stable at approximately HK\$2,937,000.

Other income and gains of the Group for the year ended 31 March 2015 was approximately HK\$476,000 (2014: HK\$10,652,000). The decrease was mainly due to the decrease in fair value gain on held for trading investments by approximately HK\$6,261,000 and decrease in fair value for investment properties by HK\$2,200,000 in 2015.

Cost of sales of the Group for the year ended 31 March 2015 was approximately HK\$10,657,000 (2014: HK\$12,304,000) representing a decrease of approximately 13.4% 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 2015 was slightly decreased to approximately HK\$2,096,000 compared with approximately HK\$2,233,000 in 2014, represented a decrease of approximately 6.1%.

General and administrative expenses of the Group for the year ended 31 March 2015 was increased by approximately HK\$5,194,000 to approximately HK\$45,805,000 (2014: HK\$40,611,000), represented an increase of approximately 12.8%.

Finance costs for the year ended 31 March 2015 were approximately HK\$458,000 (2014: HK\$595,000), which represented the interest charges on bank loans for the investment properties in HK.

There is no provision of Hong Kong Profits Tax for the year ended 31 March 2015. Approximately HK\$153,000 was paid during the year ended 31 March 2015 (2014: HK\$105,000) for income tax on rental income from the investment properties of the Company in the PRC. The deferred tax of approximately HK\$19,000 was mainly attributable to investment properties in HK.

Loss attributable to non-controlling interests of approximately HK\$3,206,000 in 2015 (2014: HK\$2,989,000), 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 2015 was approximately HK\$36,214,000 (2014: HK\$19,305,000).

## Management Discussion and Analysis

### Liquidity, Financial Resources and Capital Structure

	As at 31 March		
	2015 HK\$'000	2014 HK\$'000	change
Net current assets	<b>25,729</b>	57,450	(55.2)%
Total assets	<b>149,528</b>	183,425	(18.5)%
Total liabilities	<b>36,047</b>	37,022	(2.6)%
Total equity	<b>113,481</b>	146,403	(22.5)%
Cash and cash equivalents	<b>43,650</b>	69,701	(37.4)%
Debts to equity ratio	<b>0.32x</b>	0.25x	28%
Gearing ratio	<b>0.10x</b>	0.09x	11.1%

As at 31 March 2015, the total assets of the Group decreased by approximately HK\$33,897,000 to approximately HK\$149,528,000 as compared to approximately HK\$183,425,000 as at the end of the previous financial year, representing a decrease of approximately 18.5%.

As at 31 March 2015, the total liabilities of the Group decreased by approximately HK\$975,000 to approximately HK\$36,047,000 as compared to approximately HK\$37,022,000 as at the end of the previous financial year, representing a decrease of approximately 2.6%.

As at 31 March 2015, the total equity of the Group decreased by approximately HK\$32,922,000 to approximately HK\$113,481,000 as compared to approximately HK\$146,403,000 as at the end of the previous financial year, representing a decrease of approximately 22.5%.

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

The plaintiff and the defendant exchanged witness statements in July 2014.

Following by exchanged witness statements, Finet has reached a final and confidential settlement agreement with Mr. George Yu regarding the legal proceedings namely High Court Action No. 1026/2012 (the "Action") whereby the Action would be discontinued with each party bearing their own legal costs notwithstanding any previous costs orders to the contrary.



## Management Discussion and Analysis

### Gearing Ratio

As at 31 March 2015, the Group's gearing ratio was approximately 10% (2014: 9%), based on total borrowings of approximately HK\$11,552,000 (2014: HK\$12,967,000) and total equity of the Group of approximately HK\$113,481,000 (2014: HK\$146,403,000).

### Significant Investments Held

As at 31 March 2015, the Group had available-for-sale financial assets of approximately HK\$295,000 (2014: HK\$382,000).

### Charges of Assets

As at 31 March 2015, the Group's investment properties with an aggregate carrying value of approximately HK\$58,200,000 (2014: HK\$58,200,000) was 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 117 (2014: 118 as restated) full-time employees (including directors) in Hong Kong and the PRC as at 31 March 2015.

During the year, the Group incurred total staff costs (including Directors' emoluments) of approximately HK\$27,092,000 (2014: HK\$22,983,000).

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 the 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 Apps 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) more opportunities from existing Shanghai — Hong Kong Stock Connect and coming Shenzhen — Hong Kong Stock Connect in near future; (vi) the internationalization of the RMB.

# Board of Directors and Senior Management

## Executive Directors

### Ms. LO Yuk Yee ("Ms. LO")

Ms. LO, aged 55, is an experienced investor in cutting-edge technology and venture capital in the past 21 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 49, has more than 19 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 35, 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 57, 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 31 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 63, 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 For You Group Company Limited (stock code: 572) and Incutech Investments Limited (stock code: 356) until 29 July 2014 both of which are listed on the Main Board of Stock Exchange. Mr. Siu was 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 59, 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: 544). 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. LEE Yu Chung ("Mr. Y.C. LEE")**

Mr. Y.C. LEE, aged 55, the Head of IT of the Company, has over 25 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. WONG Po Tin ("Mr. P.T. WONG")**

Mr. P.T. WONG, aged 38, 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.



# 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 2015, 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 2015. 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 2015 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 2015, the Board held seven physical meetings and the attendance of the Directors are as follows:

Name of directors	Number of attendance	% of attendance
<b>Executive Directors</b>		
Ms. LO Yuk Yee	7/7	100%
Mr. CHOW Wing Chau	7/7	100%
Mr. YIU Wing Hei	7/7	100%
<b>Independent non-executive Directors</b>		
Mr. WONG Wai Kin	7/7	100%
Mr. SIU Siu Ling, Robert	7/7	100%
Mr. LEUNG Chi Hung	7/7	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 2015, 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 2015 and the attendance of the members are as follows:

Name of committee members	Number of attendance	% of attendance
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 2015, 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 2015 have been reviewed by the audit committee.

The financial statements for the year ended 31 March 2015 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.

### Remuneration Committee

During the year ended 31 March 2015, 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 2015 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 are as follows:

Name of committee members	Number of attendance	% of attendance
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 2015, 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 caliber, 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 2015 and the attendance of the members are as follows:

Name of committee members	Number of attendance	% of attendance
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 2015, 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 2015 and the attendance of the members are as follows:

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

### 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 2015, the auditors of the Company received approximately HK\$420,000 for audit service and Nil for non-audit services.

### Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 March 2015.

### Company Secretary

Mr. PO Eric ("Mr. PO") was appointed as the company secretary of the Company on 9 Feb 2015. In his capacity acting as the company secretary of the Company, Mr. PO is responsible for finance and company secretarial works. Mr. PO has taken not less than 15 hours of relevant professional training and in compliance with Rule 5.15 of the GEM Listing Rules.

Mr. PO, aged 46, has over 13 years of experience in auditing, accounting and financial management. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. He is currently the Financial Controller and Company Secretary of the Company. Mr. PO joined our Group in November 2014.

### 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.

## Corporate Governance Report

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.

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 2015.

## 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 2015 are set out in the accompanying financial statements.

The Board does not recommend the payment of dividend for the year ended 31 March 2015 (2014: 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 31 on page 96 respectively to the accompanying financial statements.

The Company had reserves of approximately HK\$52,047,000 (2014: HK\$66,272,000) available for dividend distribution to shareholders as at 31 March 2015.

## Share Capital

Details of movements in share capital of the Company are set out in Note 29 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 2015.

## 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 20 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 16 to the accompanying financial statements.

## Borrowings and Interest Capitalized

Particulars of borrowings of the Group and the Company as at 31 March 2015 are set out in Note 27 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 did not made any charitable donations (2014: 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 2015 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 dispatched 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 14 and Note 15 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.

## 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 2015, 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		
Executive Director:								
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	—	—	—	625,000 (Note 3)	—	625,000	0.14%
Mr. YIU Wing Hei (“Mr. YIU”)	The Company	—	—	—	125,000 (Note 3)	—	125,000	0.03%

#### 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 2015, 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 2015, 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 2015, 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 shareholders	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		
Substantial shareholders:						
Maxx Capital (Note 1)	278,439,784	—	—	—	278,439,784	63.16%
Pablos (Note 1)	—	278,439,784	—	—	278,439,784	63.16%

Notes:

- 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 2015, 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 2015, 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 valid share option scheme adopted (with its mandate limit refreshed at the annual general meeting of the Company held on 4 September 2014) for the year ended 31 March 2015 are as follows:

Name of grantee	Date of grant	Exercise price	Number of share options			Balance as at 31 March 2015
			Balance as at 1 April 2014	Granted during the year	Lapsed during the year	
Executive Directors:						
Mr. CHOW	30 September 2011 <i>(Note 1)</i>	HK\$0.49	375,000	—	(250,000)	125,000
	3 January 2014 <i>(Note 2)</i>	HK\$0.50	500,000	—	—	500,000
Mr. YIU	30 September 2011 <i>(Note 1)</i>	HK\$0.49	375,000	—	(250,000)	125,000
Employees	30 September 2011 <i>(Note 1)</i>	HK\$0.49	1,500,000	—	(1,000,000)	500,000
	3 January 2014 <i>(Note 2)</i>	HK\$0.50	3,500,000	—	(1,500,000)	2,000,000
Total			6,250,000	—	(3,000,000)	3,250,000

Notes:

- For share options granted on 30 September 2011.

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

		As at 31 March 2015	As at 31 March 2014
Vesting period:	6 months after 30 September 2011:	<b>lapsed</b>	lapsed
	12 months after 30 September 2011:	<b>lapsed</b>	25%
	18 months after 30 September 2011:	<b>lapsed</b>	25%
	24 months after 30 September 2011:	<b>25%</b>	25%

- For share options granted on 3 January 2014

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

Vesting period:	6 months after 3 January 2014:	<b>50%</b>	50%
	12 months after 3 January 2014:	<b>50%</b>	50%

## Report of the Directors

### Outstanding Unlisted Warrants

As at 31 March 2015, 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 2015 will result in the issue of 88,162,000 shares of the Company.

### 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 2015 or at any time during such period (2014: 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 2015. 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 2015.

### Audit Committee

The audited consolidated financial statements of the Group for the year ended 31 March 2015 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 2015.

### 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 2015.

### Customers and Suppliers

For the year ended 31 March 2015, the five largest customers accounted for approximately 52% (2014: 53%) of the Group's total turnover and the five largest suppliers of the Group accounted for approximately 61% (2014: 70%) of the Group's total cost of sales. The largest customer of the Group accounted for approximately 21% (2014: 30%) of the Group's total turnover while the largest supplier of the Group accounted for approximately 19% (2014: 39%) 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:

	2015 HK\$'000	2014 HK\$'000
Management fee paid to Maxx Capital Finance Limited ( <i>Note i</i> )	600	600
Referral fee and interest expenses in relation to the money lending business paid to Maxx Capital Finance Limited ( <i>Note i</i> )	—	723
Rental expense paid to Cyber Feel Limited ( <i>Note ii</i> )	2,896	2,896

Notes:

- (i) Maxx Capital Finance Limited is beneficially owned by Ms. LO, 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, the chairman and the director of the Company. For the year ended 31 March 2015, the annual cap payable by the Group to Cyber Feel under the tenancy agreement, excluding management fee and government rates amount to approximately HK\$2,896,000.

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.

### Continuing Connected Transaction

On 12 June 2015, the Company announced that the Group (as tenant) entered into a tenancy agreement (the "Transaction") with Cyber Feel Limited (as landlord), a company incorporated in Hong Kong and wholly owned by Ms. LO, in respect of office premises for a term of 24 months from 1 July 2015 at a monthly rental (excluding rates, management fees, air-conditioning charges and other outgoings) of HK\$307,181 with an option granted to the Group to renew the lease term for a further 3 years. The Transaction constitutes a continuing connected transaction for the Group and is subject to reporting and announcement requirements and annual review requirements but is exempted from independent shareholders' approval under the GEM Listing Rules.

## 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 2015, 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.

On behalf of the Board

**Finet Group Limited**

**LO Yuk Yee**

*Chairman*

Hong Kong, 19 June 2015

# 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 98, which comprise the consolidated and company statements of financial position as at 31 March 2015, 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 2015, 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, 19 June 2015



# Consolidated Income Statement

For the year ended 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
<b>Revenue</b>	5	<b>19,292</b>	23,880
Cost of sales		<b>(10,657)</b>	(12,304)
<b>Gross profit</b>		<b>8,635</b>	11,576
Other income and gains	6	<b>476</b>	10,652
Selling and marketing expenses		<b>(2,096)</b>	(2,233)
General and administrative expenses		<b>(45,805)</b>	(40,611)
Finance costs	8	<b>(458)</b>	(595)
<b>Loss before income tax</b>	9	<b>(39,248)</b>	(21,211)
Income tax expense	10	<b>(172)</b>	(1,083)
<b>Loss for the year</b>		<b>(39,420)</b>	(22,294)
<b>Loss attributable to:</b>			
— Owners of the Company		<b>(36,214)</b>	(19,305)
— Non-controlling interests		<b>(3,206)</b>	(2,989)
		<b>(39,420)</b>	(22,294)
<b>Loss per share for loss attributable to owners of the Company during the year</b>			
— Basic and diluted (in HK cent)	12	<b>(8.2) cents</b>	(4.4) cents

# Consolidated Statement of Comprehensive Income

For the year ended 31 March 2015

	2015 HK\$'000	2014 HK\$'000
<b>Loss for the year</b>	<b>(39,420)</b>	(22,294)
<b>Other comprehensive expense 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	(87)	307
Reclassification adjustment upon impairment of available-for-sale financial assets	1,079	—
Currency translation differences	(111)	(6)
<b>Total comprehensive expense for the year</b>	<b>(38,539)</b>	(21,993)
<b>Total comprehensive expense for the year, attributable to:</b>		
— Owners of the Company	(35,333)	(19,004)
— Non-controlling interests	(3,206)	(2,989)
	<b>(38,539)</b>	(21,993)

# Consolidated Statement of Financial Position

As at 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	16	7,060	8,155
Investment properties	17	89,000	89,000
Intangible assets	18	950	950
Statutory deposits and other assets	19	405	405
Available-for-sale financial assets	21	295	382
		<u>97,710</u>	<u>98,892</u>
<b>Current assets</b>			
Accounts receivable	22	1,644	9,682
Prepayments, deposits and other receivables	23	5,131	4,802
Tax recoverable		6	6
Client trust bank balances		1,387	342
Cash and cash equivalents	24	43,650	69,701
		<u>51,818</u>	<u>84,533</u>
<b>Total assets</b>		<u>149,528</u>	<u>183,425</u>
<b>Current liabilities</b>			
Accounts payable	25	3,627	2,430
Accruals and other payables		6,647	8,351
Deferred income		1,691	1,431
Amount due to a related company	26	2,572	1,904
Borrowings — due within one year	27	11,552	12,967
		<u>26,089</u>	<u>27,083</u>
<b>Net current assets</b>		<u>25,729</u>	<u>57,450</u>
<b>Total assets less current liabilities</b>		<u>123,439</u>	<u>156,342</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	28	9,958	9,939
<b>Net assets</b>		<u>113,481</u>	<u>146,403</u>
<b>Equity</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	29	4,408	4,408
Reserves	31	109,496	144,212
		<u>113,904</u>	<u>148,620</u>
Non-controlling interests		<u>(423)</u>	<u>(2,217)</u>
<b>Total equity</b>		<u>113,481</u>	<u>146,403</u>

LO Yuk Yee  
Director

CHOW Wing Chau  
Director

# Statement of Financial Position

As at 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	16	177	310
Investment properties	17	30,800	30,800
Investments in subsidiaries	20	31,701	20,701
Available-for-sale financial assets	21	295	382
		<u>62,973</u>	<u>52,193</u>
<b>Current assets</b>			
Amounts due from subsidiaries	20	24,620	42,671
Prepayments, deposits and other receivables		848	291
Cash and cash equivalents	24	3,527	383
		<u>28,995</u>	<u>43,345</u>
<b>Total assets</b>		<u>91,968</u>	<u>95,538</u>
<b>Current liabilities</b>			
Accruals and other payables		343	866
Amounts due to subsidiaries	20	12,394	2,394
		<u>12,737</u>	<u>3,260</u>
<b>Net current assets</b>		<u>16,258</u>	<u>40,085</u>
<b>Total assets less current liabilities</b>		<u>79,231</u>	<u>92,278</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	28	9,845	9,845
<b>Net assets</b>		<u>69,386</u>	<u>82,433</u>
<b>Equity</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	29	4,408	4,408
Reserves	31	64,978	78,025
<b>Total equity</b>		<u>69,386</u>	<u>82,433</u>

**LO Yuk Yee**  
Director

**CHOW Wing Chau**  
Director



# Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

	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
<b>Balance at 1 April 2013</b>	4,408	223,509	4,870	752	1,776	7	9,989	(1,299)	1,763	(78,570)	167,205	167,977
Loss for the year	—	—	—	—	—	—	—	—	—	(19,305)	(19,305)	(22,294)
<b>Other comprehensive income/ (expense)</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)	(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 and 1 April 2014</b>	4,408	223,509	4,870	993	1,776	1	9,989	(992)	1,763	(97,697)	148,620	146,403
Loss for the year	—	—	—	—	—	—	—	—	—	(36,214)	(36,214)	(39,420)
<b>Other comprehensive income</b>												
Fair value loss on available-for-sale financial assets	—	—	—	—	—	—	—	(87)	—	—	(87)	(87)
Reclassification adjustment upon impairment of available-for-sale financial assets	—	—	—	—	—	—	—	1,079	—	—	1,079	1,079
Currency translation differences	—	—	—	—	—	(111)	—	—	—	—	(111)	(111)
Total other comprehensive (expense)/income	—	—	—	—	—	(111)	—	992	—	—	881	881
<b>Total comprehensive (expense)/income</b>	—	—	—	—	—	(111)	—	992	—	(36,214)	(35,333)	(38,539)
<b>Transactions with owners</b>												
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	5,000	5,000
Share options lapsed during the year	—	—	—	(431)	—	—	—	—	—	431	—	—
Employee share-based compensation	—	—	—	617	—	—	—	—	—	—	617	617
<b>Total contributions by and distributions to owners</b>	—	—	—	186	—	—	—	—	—	431	617	5,617
<b>Balance at 31 March 2015</b>	4,408	223,509	4,870	1,179	1,776	(110)	9,989	—	1,763	(133,480)	113,904	113,481

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

# Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
<b>Cash flows from operating activities</b>			
Loss before income tax		(39,248)	(21,211)
Adjustments for:			
— Depreciation of property, plant and equipment		2,702	2,091
— Loss on disposal of property, plant and equipment		9	39
— Fair value gain on investment properties		—	(2,200)
— Fair value gain on held for trading investments		—	(6,598)
— Interest income from bank deposits		(9)	(4)
— Finance costs		458	595
— Equity-settled share-based payments		617	419
— Provision for impairment loss of deposits		25	500
— Provision for impairment loss of trade receivables		931	224
— Provision for impairment loss of loans receivable		1,834	—
— Impairment loss of available-for-sale financial assets		1,079	—
Changes in working capital:			
— Held for trading investments		—	76,663
— Accounts receivable		5,273	8,660
— Prepayments, deposits and other receivables		(354)	1,856
— Accounts payable		1,197	1,404
— Accruals and other payables		(1,704)	1,436
— Deferred income		260	(598)
— Client trust bank balances		(1,045)	(7)
Cash (used in)/generated from operations		(27,975)	63,269
Interest paid		(458)	(587)
Income tax paid		(153)	(105)
Net cash (used in)/generated from operating activities		(28,586)	62,577
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	16	(1,612)	(6,208)
Purchase of available-for-sale financial assets		—	(42)
Interest received from bank deposits		9	4
Net cash used in investing activities		(1,603)	(6,246)
<b>Cash flows from financing activities</b>			
Capital contribution from non-controlling interests		5,000	—
Interest element of finance lease rental payments		—	(8)
Capital element of finance lease rental payments		—	(37)
Repayment of borrowings		(1,415)	(3,668)
Amount due to a related company		668	(2,494)
Net cash generated from/(used in) financing activities		4,253	(6,207)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(25,936)	50,124
<b>Cash and cash equivalents at beginning of the year</b>		69,701	19,576
Effect of foreign exchange rate changes, net		(115)	1
<b>Cash and cash equivalents at end of the year</b>	24	43,650	69,701

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 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 PRC; (ii) media business; (iii) the securities and futures business that specializes in the provision of online securities and futures trading; (iv) money lending business; and (v) property investments. The principal activity of the Company is investment holding. The principal activities and other particulars of its subsidiaries are set out in Note 20.

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

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

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

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 (the “Board”) on 19 June 2015.

## 2. Summary of Significant Accounting Policies

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

### 2.1 Basis of preparation

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

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets which are carried at fair value. These policies have been consistently applied to all the years presented unless otherwise stated.

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 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 2014:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Leases

The adoption of the above new standards, revisions and amendments to existing standards did not have any material impact on the preparation of the Group's consolidated financial statements.

##### *(b) Amended standard have been issued but are not effective for the financial year beginning 1 April 2014 and have not been early adopted by the Group*

Amendments to HKAS 1	Disclosure Initiative <sup>2</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortization <sup>2</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>2</sup>
Amendments to HKAS 19	Defined Benefit Plans <sup>1</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle <sup>5</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle <sup>2</sup>
HKFRS 9	Financial Instruments <sup>4</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception <sup>2</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>2</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

<sup>5</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exception. Earlier application is permitted.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

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

#### 2.1 Basis of preparation (Continued)

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

##### ***(b) Amended standard have been issued but are not effective for the financial year beginning 1 April 2014 and have not been early adopted by the Group (Continued)***

HKFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in September 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new excepted credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess HKAS 9's full impact.

HKFRS 15, "Revenue from Contracts with Customers" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is assessing the impact of HKAS 15.

In addition, the requirement of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) (the "New Companies Ordinance") come into operation as from the Group's first financial year commencing on or after 3 March 2014 in accordance with section 358 of the New Companies Ordinance. The Group is in the process of making an assessment of expected impact of the changes in New Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the New Companies Ordinance. So far it has concluded that the impact is unlikely to be significant and only the presentation and disclosure of information in the consolidated financial statements will be affected.

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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 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. Cost also includes direct attributable costs of investment. 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 2015

### 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 steering committee that makes 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 2015

### 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 accumulated depreciation and accumulated depreciation losses. 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. All other repairs and maintenance are expensed in the consolidated income statement during the period in which they are incurred.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 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.

Gains and losses are determined by comparing proceeds with the carrying amount and are 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 property 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 2015

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

#### 2.6 Investment properties (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 arises on the acquisition of subsidiaries and 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 licences

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 amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives (3–5 years).

##### (c) 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 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 amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). 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 financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets, if expected to be settled within 12 months, otherwise they are classified as non-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 "trade 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 2015

### 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. 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. Available-for-sale 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. 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 2015

### 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 reorganization;
- 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 2015

### 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 comprise cash at bank and on hand, demand deposits with banks and financial institutions, other short-term highly liquid investments with original maturities of three months or less, in 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 2015

### 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 balance sheet 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 2015

### 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 same 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. As at the 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 (2014: Nil).

Retirement benefits to employees in the People's Republic of China (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 2015

### 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 market performance conditions are taken into considerations;
- 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) is excluded; and
- including the impact of any non-vesting conditions is included

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; and 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 2015

### 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 2015

### 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.

#### 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 2015

### 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).
  - (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 2015

### 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 individual equity investment classified as available-for-sale financial assets (Note 21) as at 31 March 2015 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 2015

### 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	Decrease/ (increase) in loss before income tax HK\$'000	Increase/ (decrease) in equity* HK\$'000
<b>2015</b>			
5% increase in equity price	15	15	15
5% decrease in equity price	(15)	(15)	(15)
<b>2014</b>			
5% increase in equity price	19	19	19
5% decrease in equity price	(19)	(19)	(19)

\* Excluding accumulated losses

##### (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 2015

### 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 before income tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before income tax HK\$'000	Decrease/ (increase) in equity* HK\$'000
<b>2015</b>			
Hong Kong dollar	50	58	—
Hong Kong dollar	(50)	(58)	—
<b>2014</b>			
Hong Kong dollar	50	65	—
Hong Kong dollar	(50)	(65)	—

\* Excluding accumulated losses

##### (b) Credit risk

The Group reviews the recoverability of its accounts receivable 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 and available-for-sales financial assets 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 40% (2014: 53%) and 86% (2014: 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 receivable are disclosed in Note 22 to the consolidated financial statements.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 3. Financial Risk Management (Continued)

#### 3.1 Financial risk factors (Continued)

##### (c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board. 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>2015</b>				
Accounts payable	3,627	—	—	3,627
Accruals and other payables	6,647	—	—	6,647
Amount due to a related company	2,572	—	—	2,572
Borrowings	13,331	—	—	13,331
<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

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>2015</b>				
Borrowings	1,822	6,758	4,751	13,331
<b>2014</b>				
Borrowings	1,871	6,959	6,357	15,187

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 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 2015, the Group's strategy which was unchanged from 2014.

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 2015 and 2014 were as follows:

	2015 HK\$'000	2014 HK\$'000
Total borrowings (Note 27)	11,552	12,967
Total equity	113,481	146,403
Gearing ratio	10%	9%

#### 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 2015

### 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 investment in an 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:

	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 2015</b>			
Statutory deposits and other assets (Note 19)	405	—	405
Available-for-sale financial assets (Note 21)	—	295	295
Accounts receivable (Note 22)	1,644	—	1,644
Deposits and other receivables	3,352	—	3,352
Client trust bank balances	1,387	—	1,387
Cash and cash equivalents (Note 24)	43,650	—	43,650
Total	50,438	295	50,733
<b>Financial assets as per consolidated statement of financial position</b>			
<b>31 March 2014</b>			
Statutory deposits and other assets (Note 19)	405	—	405
Available-for-sale financial assets (Note 21)	—	382	382
Accounts receivable (Note 22)	9,682	—	9,682
Deposits and other receivables	3,755	—	3,755
Client trust bank balances	342	—	342
Cash and cash equivalents (Note 24)	69,701	—	69,701
Total	83,885	382	84,267

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 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 2015</b>	
Accounts payable (Note 25)	3,627
Accruals and other payables	6,647
Amount due to a related company	2,572
Borrowings (Note 27)	11,552
	<hr/>
Total	<b>24,398</b>
	<hr/>
<b>Financial liabilities as per consolidated statement of financial position</b>	
<b>31 March 2014</b>	
Accounts payable (Note 25)	2,430
Accruals and other payables	8,351
Amount due to a related company	1,904
Borrowings (Note 27)	12,967
	<hr/>
Total	<b>25,652</b>
	<hr/>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

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

#### (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.

#### (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.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 5. Revenue

Revenue recognized during the year is as follows:

	2015 HK\$'000	2014 HK\$'000
Service income from provision of financial information service	8,434	15,557
Advertising, investor relationship and branding promotion and communication service income	7,236	3,465
Brokerage commission and service income from securities and futures business	46	11
Loan interest income	639	1,938
Rental income from investment properties	2,937	2,909
	<u>19,292</u>	<u>23,880</u>

### 6. Other Income and Gains

	2015 HK\$'000	2014 HK\$'000
Dividend income from held for trading investments	—	89
Interest income from bank deposits	9	4
Fair value gain on investment properties	—	2,200
Fair value gain on held for trading investments	337	6,598
Management fee income	103	1,760
Sundry income	27	1
	<u>476</u>	<u>10,652</u>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 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 2015, 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 include 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 7. Segment Information (Continued)

The segment results for the year ended 31 March 2015 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>15,821</b>	<b>46</b>	<b>639</b>	<b>2,937</b>	<b>19,443</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>15,670</b>	<b>46</b>	<b>639</b>	<b>2,937</b>	<b>19,292</b>
Segment results	(30,237)	(2,215)	(1,886)	(4,452)	(38,790)
Finance costs					(458)
<b>Loss before income tax</b>					<b>(39,248)</b>
Income tax expense					(172)
<b>Loss for the year</b>					<b>(39,420)</b>
Other segment items included in the consolidated income statement are as follows:					
Provision for impairment loss of deposits	(25)	—	—	—	(25)
Provision for impairment loss of trade receivables	(931)	—	—	—	(931)
Provision for impairment loss of loans receivable	—	—	(1,834)	—	(1,834)
Impairment loss of available-for-sale financial assets	—	—	—	(1,079)	(1,079)
Fair value gain on held for trading investments	—	337	—	—	337
Equity-settled share-based payments	(617)	—	—	—	(617)
Depreciation of property, plant and equipment	(2,502)	(50)	(1)	(149)	(2,702)

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 7. Segment Information (Continued)

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>	19,173	11	1,938	2,909	24,031
<b>Inter-segment revenue</b>	(151)	—	—	—	(151)
<b>Revenue from external customers</b>	19,022	11	1,938	2,909	23,880
Segment results	(17,991)	(2,594)	1	(32)	(20,616)
Finance costs					(595)
<b>Loss before income tax</b>					(21,211)
Income tax expense					(1,083)
<b>Loss for the year</b>					(22,294)
Other segment items included in the consolidated statement of comprehensive income are as follows:					
Provision for impairment loss of deposits	—	—	—	(500)	(500)
Provision for impairment loss of trade receivables	(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)

Segment assets consist primarily of property, plant and equipment, investment properties, intangible assets, available-for-sale financial assets, accounts receivable, prepayments, deposits and other receivables, 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 2015

### 7. Segment Information (Continued)

The segment assets and liabilities at 31 March 2015 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>34,957</u>	<u>19,897</u>	<u>517</u>	<u>94,157</u>	<u>149,528</u>
Liabilities	<u>10,798</u>	<u>2,219</u>	<u>632</u>	<u>22,398</u>	<u>36,047</u>
Capital expenditure	<u>1,612</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,612</u>

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 Group mainly operates in Hong Kong and the PRC.

	2015 HK\$'000	2014 HK\$'000
<b>Revenue</b>		
Hong Kong	<u>16,402</u>	19,105
The PRC	<u>2,890</u>	4,775
	<u>19,292</u>	<u>23,880</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 2015

### 7. Segment Information (Continued)

	2015 HK\$'000	2014 HK\$'000
<b>Total assets</b>		
Hong Kong	139,469	145,126
The PRC	9,764	37,917
Other countries	295	382
	<u>149,528</u>	<u>183,425</u>

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

	2015 HK\$'000	2014 HK\$'000
<b>Capital expenditure</b>		
Hong Kong	1,584	5,680
The PRC	28	528
	<u>1,612</u>	<u>6,208</u>

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

Revenue of approximately HK\$4,060,000 (2014: HK\$7,101,000) is derived from a single external customer and are attributable to financial information service business segment.

### 8. Finance Costs

	2015 HK\$'000	2014 HK\$'000
Interest expense on bank borrowings	458	587
Interest on finance leases	—	8
	<u>458</u>	<u>595</u>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 9. Loss Before Income Tax

	2015 HK\$'000	2014 HK\$'000
Operating lease payments		
— in respect of rented premises	5,540	5,884
— in respect of office equipment	12	13
Employee benefits expense (including directors' emoluments) (Note 13)	27,092	22,983
Provision for impairment loss of deposits	25	500
Provision for impairment loss of trade receivables	931	224
Provision for impairment loss of loans receivable	1,834	—
Impairment loss of available-for-sales financial assets	1,079	—
Depreciation of property, plant and equipment	2,702	2,091
Loss on disposal of property, plant and equipment	9	39
Direct operating expenses arising on rental-earning investment properties	157	147
Auditors' remuneration	420	388

### 10. Income Tax Expense

Hong Kong Profits Tax is calculated at the rate of 16.5% (2014: 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.

	2015 HK\$'000	2014 HK\$'000
<b>Current tax:</b>		
— Overseas taxation — the PRC	153	105
<b>Deferred tax:</b> (Note 28)	19	978
Income tax expense	172	1,083

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 10. Income Tax Expense (Continued)

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the Hong Kong Profits Tax rate of 16.5% (2014: 16.5%) as follows:

	2015 HK\$'000	2014 HK\$'000
Loss before income tax	(39,248)	(21,211)
Tax calculated at Hong Kong Profits Tax rate	(6,476)	(3,500)
Effect of different tax rates of other jurisdictions	159	(564)
Income not subject to tax	(247)	(780)
Expenses not deductible for tax purposes	257	104
Tax effect of temporary differences not recognized	97	124
Tax losses for which no deferred income tax asset was recognized	6,397	4,721
Effect of revaluation of properties	—	978
Utilization of previously unrecognized tax losses	(15)	—
Income tax expense	172	1,083

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

The loss attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of approximately HK\$14,656,000 (2014: HK\$23,071,000).

### 12. Loss Per Share

#### (a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company for the year ended 31 March 2015 of approximately HK\$36,214,000 (2014: HK\$19,305,000) by the weighted average number of approximately 440,818,000 (2014: 440,818,000) ordinary shares in issue during the year.

#### (b) Diluted

The computation of diluted loss per share for the years ended 31 March 2015 and 2014 did not assume the exercise of the Company's share options and warrants outstanding during those years since they are anti-dilutive.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 13. Employee Benefit Expenses

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

	2015 HK\$'000	2014 HK\$'000
Wages and salaries	24,608	20,283
Equity-settled share-based payments	617	419
Pension costs-defined contribution plans	1,298	1,424
Others	569	857
	<u>27,092</u>	<u>22,983</u>

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

The remuneration of every director and the chief executive of the Company for the years ended 31 March 2015 and 2014 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 2015</b>					
<b>Executive Directors</b>					
Ms. LO Yuk Yee	—	1,751	—	11	1,762
Mr. CHOW Wing Chau	120	—	99	—	219
Mr. YIU Wing Hei	120	—	—	—	120
<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
	<u>600</u>	<u>1,751</u>	<u>99</u>	<u>11</u>	<u>2,461</u>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

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

	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
	<u>600</u>	<u>2,400</u>	<u>78</u>	<u>15</u>	<u>3,093</u>

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 2015, 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 2015, 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 (2014: Nil). None of the directors of the Company waived or agreed to waive any remuneration during the year (2014: 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.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 15. Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the year included one (2014: one) director whose emoluments have been reflected in the analysis presented above. The emoluments payable to the remaining four (2014: four) individuals during the year are as follows:

	2015 HK\$'000	2014 HK\$'000
Basic salaries and allowances	2,409	2,031
Contributions to pension schemes	70	60
	<u>2,479</u>	<u>2,091</u>

The emoluments fell within the following band:

	2015 Number of individuals	2014 Number of individuals
Emolument band		
Nil to HK\$1,000,000	<u>4</u>	<u>4</u>

During the year ended 31 March 2015, 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 (2014: Nil).

During the year ended 31 March 2015, 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 (2014: Nil).

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 16. 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 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
<b>Year ended 31 March 2015</b>						
Opening net book amount	3,799	2,576	259	1,047	474	8,155
Additions	18	1,475	30	89	—	1,612
Disposals	(8)	—	—	(1)	—	(9)
Depreciation	(1,320)	(959)	(94)	(224)	(105)	(2,702)
Exchange differences	—	1	—	2	1	4
Closing net book amount	2,489	3,093	195	913	370	7,060
<b>At 31 March 2015</b>						
Cost	5,457	9,032	1,170	2,171	829	18,659
Accumulated depreciation	(2,968)	(5,939)	(975)	(1,258)	(459)	(11,599)
Net book amount	2,489	3,093	195	913	370	7,060

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 16. 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 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	309	28	4	120	461
Depreciation	(94)	(8)	(1)	(48)	(151)
Closing net book amount	215	20	3	72	310
<b>At 31 March 2014</b>					
Cost	471	39	6	415	931
Accumulated depreciation	(256)	(19)	(3)	(343)	(621)
Net book amount	215	20	3	72	310
<b>Year ended 31 March 2015</b>					
Opening net book amount	<b>215</b>	<b>20</b>	<b>3</b>	<b>72</b>	<b>310</b>
Depreciation	<b>(94)</b>	<b>(8)</b>	<b>(1)</b>	<b>(30)</b>	<b>(133)</b>
Closing net book amount	<b>121</b>	<b>12</b>	<b>2</b>	<b>42</b>	<b>177</b>
<b>At 31 March 2015</b>					
Cost	<b>471</b>	<b>39</b>	<b>6</b>	<b>415</b>	<b>931</b>
Accumulated depreciation	<b>(350)</b>	<b>(27)</b>	<b>(4)</b>	<b>(373)</b>	<b>(754)</b>
Net book amount	<b>121</b>	<b>12</b>	<b>2</b>	<b>42</b>	<b>177</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 17. Investment Properties

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
<b>Beginning of year</b>	<b>89,000</b>	86,800	<b>30,800</b>	29,200
Fair value gain	—	2,200	—	1,600
<b>End of year</b>	<b>89,000</b>	89,000	<b>30,800</b>	30,800

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

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Leases of between 10 to 50 years, held in:				
— Hong Kong	58,200	58,200	—	—
— The PRC	30,800	30,800	30,800	30,800
	<b>89,000</b>	89,000	<b>30,800</b>	30,800

Bank loan (Note 27) is secured by the above investment properties with carrying amount of approximately HK\$58,200,000 (2014: HK\$58,200,000).

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

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Not later than 1 year	<b>1,587</b>	944	<b>1,587</b>	—

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 17. 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 value 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 carried at fair value by valuation method as at 31 March 2015 and 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
<b>2015</b>				
Recurring fair value measurements				
Investment properties:				
— Hong Kong	—	58,200	—	58,200
— The PRC	—	30,800	—	30,800
	<u>—</u>	<u>89,000</u>	<u>—</u>	<u>89,000</u>



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 17. Investment Properties (Continued)

#### Fair value hierarchy (Continued) 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
2014				
Recurring fair value measurements				
Investment properties:				
— Hong Kong	—	58,200	—	58,200
— The PRC	—	30,800	—	30,800
	<u>—</u>	<u>89,000</u>	<u>—</u>	<u>89,000</u>

The following tables present the investment properties of the Company carried at fair value by valuation method as at 31 March 2015 and 2014:

#### 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
2015				
Recurring fair value measurements				
Investment properties:				
— The PRC	—	30,800	—	30,800
	<u>—</u>	<u>30,800</u>	<u>—</u>	<u>30,800</u>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 17. 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
2014				
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.

### 18. 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 2013, 31 March 2014 and 31 March 2015</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 2015

### 19. Statutory Deposits And Other Assets

#### The Group

	2015 HK\$'000	2014 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>

### 20. Investments in Subsidiaries

#### The Company

	2015 HK\$'000	2014 HK\$'000
Unlisted investments, at cost	48,595	37,595
Less: provision for impairment loss (Note)	(16,894)	(16,894)
	<b>31,701</b>	<b>20,701</b>
Amounts due from subsidiaries	182,070	189,676
Less: provision for impairment loss	(157,450)	(147,005)
	<b>24,620</b>	<b>42,671</b>
	<b>56,321</b>	<b>63,372</b>

As the end of each reporting period, 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 against the Company's costs of investments in subsidiaries of approximately HK\$16,894,000 (2014: HK\$16,894,000) was made at 31 March 2015 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 2015 and 2014.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 20. Investments in Subsidiaries (Continued)

The following is a list of the Company's major subsidiaries at 31 March 2015:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operations	Particulars of issued capital/ registered 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\$2	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 2015

### 20. Investments in Subsidiaries (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operations	Particulars of issued capital/ registered 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\$33,000,000	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 and paid-up capital of HK\$10,000,000	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 RMB1,000,000	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\$18,000,000	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)
XD Finance Limited	Hong Kong, limited liability company	Inactive	Ordinary HK\$50,000	50% (Indirect)
FinTV e-commerce Limited	Hong Kong, limited liability company	Inactive	Ordinary HK\$50,000	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 2015

### 21. Available-for-sale Financial Assets The Group and Company

	2015 HK\$'000	2014 HK\$'000
<b>Beginning of year</b>	<b>382</b>	33
Addition	—	42
Net (loss)/gain transfer to equity	<b>(87)</b>	307
<b>End of year</b>	<b>295</b>	382

Available-for-sale financial assets include the following:

	2015 HK\$'000	2014 HK\$'000
Equity securities listed in Japan	<b>295</b>	382
Market value of listed equity securities	<b>295</b>	382

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 21. Available-for-sale Financial Assets (Continued)

#### The Group and Company (Continued)

The following table presents the available-for-sale financial assets that are measured at fair value at 31 March 2015:

	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	<u>295</u>	<u>—</u>	<u>—</u>	<u>295</u>

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	<u>382</u>	<u>—</u>	<u>—</u>	<u>382</u>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 22. Accounts Receivable The Group

	2015 HK\$'000	2014 HK\$'000
Loans receivable	1,834	6,581
Less: provision for impairment loss of loans receivable	(1,834)	—
	—	6,581
Trade receivables	2,799	3,325
Less: provision for impairment loss of trade receivables	(1,155)	(224)
	1,644	3,101
Accounts receivable	1,644	9,682

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 month.

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

	2015 HK\$'000	2014 HK\$'000
At the beginning of year	—	—
Provision for impairment loss	1,834	—
At the end of year	1,834	—

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 trade receivables 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 2015, the aging analysis of the trade receivables are as follows:

	2015 HK\$'000	2014 HK\$'000
0–30 days	909	1,329
31–60 days	677	104
61–90 days	10	28
Over 90 days	48	1,640
	1,644	3,101

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 22. Accounts Receivable (Continued)

As of 31 March 2015, trade receivables of approximately HK\$48,000 (2014: HK\$1,640,000) 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:

	2015 HK\$'000	2014 HK\$'000
Over 90 days	48	1,640

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 trade receivables were as follows:

	2015 HK\$'000	2014 HK\$'000
At the beginning of year	224	—
Provision for impairment loss	931	224
At the end of the year	1,155	224

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

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

#### The Group

	2015 HK\$'000	2014 HK\$'000
Hong Kong dollars	1,142	9,400
Renminbi	502	239
United States dollars	—	43
	1,644	9,682

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 2015

### 23. Prepayments, Deposits and Other Receivables

#### The Group

	2015 HK\$'000	2014 HK\$'000
Prepayments	1,779	1,047
Utility and other deposits	3,761	4,062
Other receivables	116	193
Amount due from a former director	4,661	4,661
Amounts due from former subsidiaries	8,995	8,995
	<b>19,312</b>	18,958
Less: provision of impairment loss	<b>(14,181)</b>	(14,156)
	<b>5,131</b>	4,802

The amount due from a former director (Mr. George Yu) 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 had been made in the year ended 31 March 2011.

### 24. Cash and Cash Equivalents

	2015 HK\$'000	2014 HK\$'000
<b>The Group</b>		
Cash at banks and in hand	<b>43,650</b>	69,701
<b>The Company</b>		
Cash at banks and in hand	<b>3,527</b>	383

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 2015, approximately 81% (2014: 95%) of the Group's bank balances and deposits are denominated in HK\$ and, 1% (2014: Nil) in United States dollars and 18% (2014: 5%) 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 2015

### 25. Accounts Payable The Group

	2015 HK\$'000	2014 HK\$'000
Accounts payable arising from securities broking — Clients	1,374	306
Accounts payable arising from futures broking — Clients	13	36
Other accounts payable	2,240	2,088
Accounts payable	3,627	2,430

The settlement terms of accounts payable arising from securities broking are one or 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 2015 and 2014, the aging analysis of the other accounts payable were as follows:

	2015 HK\$'000	2014 HK\$'000
0–30 days	299	1,378
31–60 days	486	289
61–90 days	534	71
Over 90 days	921	350
	2,240	2,088

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

	2015 HK\$'000	2014 HK\$'000
Renminbi	12	12
Hong Kong dollars	3,577	2,366
United States dollars	38	52
	3,627	2,430



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 26. Amount Due to a Related Company

As at 31 March 2015, the amount due was unsecured, interest-free and repayable on demand.

### 27. Bank Borrowings The Group

	2015 HK\$'000	2014 HK\$'000
Secured bank loan — floating rates	<u>11,552</u>	<u>12,967</u>
At 31 March, the bank loan is repayable as follows:		
Within 1 year	1,415	1,415
Between 1 and 2 years	1,415	1,415
Between 2 and 5 years	4,244	4,244
Over 5 years	<u>4,478</u>	<u>5,893</u>
	<u>11,552</u>	<u>12,967</u>

As at 31 March 2015, the bank borrowings amount to approximately HK\$11,552,000 (2014: HK\$12,967,000) 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 loan was secured by certain investment properties of the Group (Note 17) and a limited guarantee at the amount of HK\$17,000,000 by the Company and a director of the Company respectively.

The contractual interest rates on the Group's floating rate bank loans are ranging from 3.7% (2014: 3.7%) per annum to 3.8% (2014: 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 2015

### 28. Deferred Tax

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

#### The Group

	Revaluation of properties HK\$'000	Accelerated tax depreciation HK\$'000	Total HK\$'000
At 1 April 2013	8,885	76	8,961
Charge to the consolidated income statement	960	18	978
At 31 March 2014 and 1 April 2014	9,845	94	9,939
Charge to the consolidated income statement	—	19	19
At 31 March 2015	<b>9,845</b>	<b>113</b>	<b>9,958</b>

#### The Company

	Revaluation of properties HK\$'000
At 1 April 2013	8,885
Charge to the income statement	960
At 31 March 2014, 1 April 2014 and 31 March 2015	<b>9,845</b>

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

	2015 HK\$'000	2014 HK\$'000
Tax losses	<b>27,805</b>	16,834

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 consolidated 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.

Pursuant to the relevant laws and regulations in the PRC, the Group has deferred tax assets not recognized on unused tax losses approximately HK\$7,824,000 (31 March 2014: HK\$6,182,000) arose in the PRC to carry forward to set off against future taxable income which will expire within 1 to 5 years from each of the financial year end date.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 29. Share Capital

	2015		2014	
	Number of	Amount	Number of	Amount
	shares	(HK\$'000)	shares	(HK\$'000)
Ordinary shares of HK\$0.01 (2014: HK\$0.01) each				
Authorized:				
<b>At beginning of year and at the end of year</b>	<b>15,000,000,000</b>	<b>150,000</b>	15,000,000,000	150,000
Issued and fully paid:				
<b>At beginning of year and at the end of year</b>	<b>440,818,880</b>	<b>4,408</b>	440,818,880	4,408

Note:

As at 31 March 2015, the Company has outstanding warrants conferring the rights to subscribe up to HK\$35,441,124 in aggregate for the shares of the Company.

### 30. Share-Based Employee Compensation

#### Share Option Scheme

The Company adopted a share option scheme (the "Old Share Option Scheme") on 16 December 2004. The Old 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 Old 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 Old Share Option Scheme expired on 15 December 2014.

#### New Share Option Scheme

In August 2014, the Board proposed to adopt a new share option scheme (the "New Share Option Scheme") to enable the continuity of the Old Share Option Scheme of the Company and to simultaneously terminate the operation of the Old Share Option Scheme. The Company does not maintain any share option scheme other than the Old Share Option Scheme. The Old Share Option Scheme shall be terminated and expired upon the adoption of the New Share Option Scheme although all outstanding options granted under the Old Share Option Scheme shall continue to be valid and exercisable in accordance with the Old Share Option Scheme.

The purpose of the New Share Option Scheme is to provide incentives and rewards to the eligible participants as defined thereunder (the "Eligible Participants") who contribute to the success of the Group's operations. There are no share options issued under the New Share Option Scheme. The Board is of the view that the eligible Participants are persons who may contribute to the growth and development of the Group through their services or investments. Whether the Board will grant any share options under the New Share Option Scheme (the "Option") to any of the eligible participants depends on many factors such as their interest in the shares of the Company, their business/working relationship with the Group, and their contribution that has or may have made to the Group, etc. The general principle is the same for all Eligible Participants.

There are no options issued under the New Share Option Scheme.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

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

#### Share Option Scheme (Continued)

##### *New Share Option Scheme (Continued)*

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

The maximum number of shares issued and to be issued upon exercise of the Options granted to each Eligible Participant under the New Share Option Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at the date of grant. 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 approval of the New Share Option Scheme. 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 4 September 2014 ("2014 AGM"), and hence the 10% General Limit as at 31 March 2015 is 44,081,888 shares of HK\$0.01 each being 10% of the number of shares in issue as at the date of the 2014 AGM of the Company of 440,818,880 shares of HK\$0.01 each.

The overall limit on the number of shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other Scheme of the Company must not exceed 30% of the shares in issue from time to time.

Share options granted to directors, chief executive, or substantial shareholders 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, which would result in the shares issued or to be issued upon exercise of all Options already granted or to be granted 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 Board 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 as on the date of grant of the share options.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

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

#### Share Option Scheme (Continued)

The following table discloses movements of the share options granted under the Old Share Option Scheme during the year ended 31 March 2015:

Grantee	Date of grant	Adjusted exercise price	Exercise period	Outstanding as at 1 April 2014	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Outstanding as at 31 March 2015
<b>Old Share Option Scheme:</b>								
<b>Executive Directors</b>								
Mr. CHOW Wing Chau	30 September 2011	HK\$0.4900	Note 1	375,000	—	—	(250,000)^	125,000
	3 January 2014	HK\$0.5000	Note 2	500,000	—	—	—	500,000
Mr. YIU Wing Hei	30 September 2011	HK\$0.4900	Note 1	375,000	—	—	(250,000)^	125,000
Sub-total				1,250,000	—	—	(500,000)	750,000
<b>Employee</b>								
	30 September 2011	HK\$0.4900	Note 1	750,000	—	—	(500,000)^	250,000
	3 January 2014	HK\$0.5000	Note 2	1,000,000	—	—	—	1,000,000
<b>Employee</b>								
	30 September 2011	HK\$0.4900	Note 1	750,000	—	—	(500,000)^	250,000
	3 January 2014	HK\$0.5000	Note 2	1,000,000	—	—	—	1,000,000
<b>Employee</b>								
	3 January 2014	HK\$0.5000	Note 1	1,000,000	—	—	(1,000,000)^#	—
<b>Employee</b>								
	3 January 2014	HK\$0.5000	Note 1	500,000	—	—	(500,000)^#	—
Sub-total				5,000,000	—	—	(2,500,000)	2,500,000
Total				6,250,000	—	—	(3,000,000)	3,250,000
Weighted average exercise price				HK\$0.4964	N/A	N/A	HK\$0.4950	HK\$0.4977

# The 1,500,000 share options granted under the Old Share Options Scheme lapsed upon the resignation of employees of the Group.

^ The 1,500,000 share options granted under the Old Share Options Scheme lapsed or cancelled upon the expiry of exercisable period of the Group.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

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

#### Share Option Scheme (Continued)

The following table discloses movements of the share options granted under the Old 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>Old Share Option Scheme:</b>								
<b>Executive Directors</b>								
Mr. CHOW Wing Chau	30 September 2011	HK\$0.4900	Note 1	500,000	—	—	(125,000)^	375,000
	3 January 2014	HK\$0.5000	Note 2	—	500,000	—	—	500,000
Mr. YIU Wing Hei	30 September 2011	HK\$0.4900	Note 1	500,000	—	—	(125,000)^	375,000
Sub-total				1,000,000	500,000	—	(250,000)	1,250,000
<b>Employee</b>								
	30 September 2011	HK\$0.4900	Note 1	1,000,000	—	—	(250,000)^	750,000
	3 January 2014	HK\$0.5000	Note 2	—	1,000,000	—	—	1,000,000
<b>Employee</b>								
	30 September 2011	HK\$0.4900	Note 1	1,000,000	—	—	(250,000)^	750,000
	3 January 2014	HK\$0.5000	Note 2	—	1,000,000	—	—	1,000,000
<b>Employee</b>								
	3 January 2014	HK\$0.5000	Note 1	—	1,000,000	—	—	1,000,000
<b>Employee</b>								
	3 January 2014	HK\$0.5000	Note 1	—	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
Weighted average exercise price				HK\$0.4900	HK\$0.5000	N/A	HK\$0.4900	HK\$0.4964

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

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 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, volatility of 73.88%, dividend yield of nil, expected option lives ranging from 2 to 3 years, and annual risk-free interest of 2.34%.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

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

#### Share Option Scheme (Continued)

The total expense recognized in the consolidated income statement for share options granted to directors of the Company and employees was disclosed in note 13.

Notes:

- For share options granted on 30 September 2011.

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

		<b>As at 31 March 2015</b>	As at 31 March 2014
Vesting period:	6 months after 30 September 2011:	<b>lapsed</b>	lapsed
	12 months after 30 September 2011:	<b>lapsed</b>	25%
	18 months after 30 September 2011:	<b>lapsed</b>	25%
	24 months after 30 September 2011:	<b>25%</b>	25%

- For Share options granted on 3 January 2014

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

Vesting period:	6 months after 3 January 2014:	<b>50%</b>	50%
	12 months after 3 January 2014:	<b>50%</b>	50%

During the year ended 31 March 2015, employee share-based compensation of approximately HK\$617,000 (2014: HK\$419,000) has been included in the consolidated income statement with a corresponding credit to the employee compensation reserve.

At 31 March 2015, the Company had 3,250,000 (2014: 6,250,000) share options outstanding under the Old Share Option Scheme.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 31. 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 2013</b>	223,509	752	9,989	(1,299)	1,763	(134,344)	100,370
<b>Comprehensive income/(expense)</b>							
Loss for the year	—	—	—	—	—	(23,071)	(23,071)
<b>Other comprehensive income</b>							
Fair value gain on available-for-sale financial assets (Note 21)	—	—	—	307	—	—	307
<b>Total comprehensive income/ (expense)</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 and 1 April 2014</b>	223,509	993	9,989	(992)	1,763	(157,237)	78,025
<b>Comprehensive expense</b>							
Loss for the year	—	—	—	—	—	(14,656)	(14,656)
<b>Other comprehensive expense</b>							
Fair value loss on available-for-sale financial assets (Note 21)	—	—	—	(87)	—	—	(87)
Reclassification adjustment upon impairment of available-for-sale financial assets	—	—	—	1,079	—	—	1,079
<b>Total comprehensive income/ (expense)</b>	—	—	—	992	—	(14,656)	(13,664)
<b>Transactions with owners</b>							
Share options lapsed during the year	—	(431)	—	—	—	431	—
Employee share-based compensation	—	617	—	—	—	—	617
<b>Total transactions with owners</b>	—	186	—	—	—	431	617
<b>Balance at 31 March 2015</b>	223,509	1,179	9,989	—	1,763	(171,462)	64,978

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

### 32. Commitments

#### (a) Capital commitments

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

##### The Group

	2015 HK\$'000	2014 HK\$'000
Investment in a subsidiary	—	7,000

#### (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

	2015 HK\$'000	2014 HK\$'000
No later than 1 year	2,283	4,874
Later than 1 year and no later than 5 years	1,804	—
	<u>4,087</u>	<u>4,874</u>

The Company had no significant operating lease commitment as at 31 March 2015 and 2014.

### 33. 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 Executive 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 Executive 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 2015

### 34. 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:

#### The Group

	2015 HK\$'000	2014 HK\$'000
Management fee paid to Maxx Capital Finance Limited ( <i>Note i</i> )	600	600
Referral fee and interest expenses in relation to the money lending business paid to Maxx Capital Finance Limited ( <i>Note i</i> )	—	723
Rental expense paid to Cyber Feel Limited ( <i>Note ii</i> )	<u>2,896</u>	<u>2,896</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 2015, the annual cap payable by the Group to Cyber Feel under the tenancy agreement, excluding management fee and government rates amount to approximately HK\$2,896,000.

## Financial Summary

	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000 (restated)	2011 HK\$'000 (restated)
<b>RESULTS</b>					
Revenue	19,292	23,880	29,491	27,167	35,144
Operating (loss)/profit	(38,790)	(20,616)	27,417	(19,000)	(34,329)
Finance costs	(458)	(595)	(722)	(397)	(227)
(Loss)/profit for the year	(39,420)	(22,294)	25,595	(20,553)	(41,486)
(Loss)/earnings per share					
— Basic (in HK cents)	(8)	(4)	6	(6)	(49)
— Diluted (in HK cents)	(8)	(4)	6	(6)	(49)
<b>ASSETS AND LIABILITIES</b>					
Non-current assets	97,710	98,892	92,272	88,772	31,598
Current assets	51,818	84,533	115,706	96,330	75,118
Current liabilities	26,089	27,083	29,055	36,984	25,907
Non-current liabilities	9,958	9,939	10,946	10,333	9,561
Net assets	113,481	146,403	167,977	137,785	71,248

## 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