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財華社
FINET

FINET GROUP LIMITED
財華社集團有限公司

(incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock code: 08317)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2017

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.

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This announcement, for which the directors (the “Directors”) of Finet Group Limited (the “Company” together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.

RESULTS HIGHLIGHTS

- The Group reported a turnover of approximately HK\$10.8 million for the year ended 31 March 2017, representing a decrease of approximately 3.7% from approximately HK\$11.2 million of last year.
- The consolidated loss attributable to owners of the Company for the year ended 31 March 2017 was approximately HK\$29.1 million.
- The board of Directors does not recommend the payment of dividend for the year ended 31 March 2017.

ANNUAL RESULTS

The board of Directors (the “Board”) is pleased to present the consolidated results of the Group for the year ended 31 March 2017, together with the comparative figures for the corresponding period in 2016 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2017

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue	3	10,766	11,183
Cost of sales		<u>(3,066)</u>	<u>(7,906)</u>
Gross profit		7,700	3,277
Other income and gains	5	22,437	4,869
Selling and marketing expenses		(145)	(737)
General and administrative expenses		(53,780)	(46,928)
Finance costs	6	<u>(9,639)</u>	<u>(1,093)</u>
Loss before income tax	7	(33,427)	(40,612)
Income tax credit/(expense)	8	<u>1,280</u>	<u>(120)</u>
Loss for the year		<u>(32,147)</u>	<u>(40,732)</u>
Loss attributable to:			
— Owners of the Company		(29,122)	(35,957)
— Non-controlling interests		<u>(3,025)</u>	<u>(4,775)</u>
		<u>(32,147)</u>	<u>(40,732)</u>
Loss per share for loss attributable to owners of the Company during the year			
— Basic and diluted (in HK cent)	10	<u>(6.11) cents</u>	<u>(7.94) cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Loss for the year	(32,147)	(40,732)
Other comprehensive (expense)/income for the year, net of tax:		
<i>Items that may be reclassified to profit or loss</i>		
Change in fair value on available-for-sale financial assets	—	(186)
Reclassification adjustment upon impairment of available-for-sale financial assets	—	186
Currency translation differences	(1,863)	391
Total comprehensive expense for the year	<u>(34,010)</u>	<u>(40,341)</u>
Total comprehensive expense for the year, attributable to:		
— Owners of the Company	(30,985)	(35,566)
— Non-controlling interests	(3,025)	(4,775)
	<u>(34,010)</u>	<u>(40,341)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		6,680	5,828
Investment properties		98,800	89,100
Intangible assets		950	950
Statutory deposits and other assets		656	656
Available-for-sale financial assets		—	109
		<u>107,086</u>	<u>96,643</u>
Current assets			
Accounts receivable	11	18,072	10,354
Prepayments, deposits and other receivables		13,027	6,663
Tax recoverable		—	6
Financial assets at fair value through profit or loss		10,400	—
Client trust bank balances		129	921
Cash and cash equivalents		57,016	25,718
		<u>98,644</u>	<u>43,662</u>
Total assets		<u>205,730</u>	<u>140,305</u>
Current liabilities			
Accounts payable	12	1,668	4,390
Accruals and other payables		14,173	11,676
Deferred income		480	346
Amount due to a related company		881	2,692
Borrowing — due within one year		26,667	10,138
		<u>43,869</u>	<u>29,242</u>
Net current assets		<u>54,775</u>	14,420
Total assets less current liabilities		<u>161,861</u>	<u>111,063</u>
Non-current liabilities			
Convertible bonds		62,858	13,930
Deferred tax liabilities		11,125	10,614
Net assets		<u>87,878</u>	<u>86,519</u>

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	13	5,290	4,654
Reserves		90,811	87,063
		<u>96,101</u>	<u>91,717</u>
Non-controlling interests		(8,223)	(5,198)
		<u>87,878</u>	<u>86,519</u>
Total equity		<u>87,878</u>	<u>86,519</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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 annual results set out in this announcement do not constitute the Group's financial statements for the year ended 31 March 2017 but are extract from those financial statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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.

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.

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.

Changes in accounting policy and disclosures

(a) Amended standards adopted by the Group

The following amendments to standards have been adopted by the Company for the first time for the financial year beginning on or after 1 April 2016:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27 HKFRS 14	Equity Method in Separate Financial Statements Regulatory Deferral Accounts

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

(b) *New and amended standards have been issued but are not yet effective for the financial year beginning 1 April 2016 and have not been early adopted by the Group*

HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 16	Leases ³
Amendments to HKAS 40	Transfer of Investment Property ²
Amendment to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle ⁵
Amendments to HKFRS 10, and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ²
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers ²
HK (IFRIC) — Int 22	Foreign Currency Transactions and Advance Considerations ²
Amendments to HKAS 7	Disclosure Initiative ¹
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ¹

¹ Effective for annual periods beginning on or after 1 January 2017.

² Effective for annual periods beginning on or after 1 January 2018.

³ Effective for annual periods beginning on or after 1 January 2019.

⁴ Effective for annual periods beginning on or after a date to be determined.

⁵ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

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.

3. REVENUE

Revenue recognized during the year is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Service income from provision of financial information service	1,261	3,881
Advertising, investor relationship and branding promotion and communication service income	6,007	3,540
Brokerage commission and service income from securities and futures business	7	300
Loan interest income	1,798	550
Rental income from investment properties	1,693	2,912
	<u>10,766</u>	<u>11,183</u>

4. SEGMENT INFORMATION

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

At 31 March 2017, the Group is organized into four 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.

The segment results for the year ended 31 March 2017 are as follows:

	Financial information service business HK\$'000	Securities and futures business HK\$'000	Money lending business HK\$'000	Property investment business HK\$'000	Group HK\$'000
Gross revenue	7,412	7	1,798	1,693	10,910
Inter-segment revenue	(144)	—	—	—	(144)
Revenue from external customers	7,268	7	1,798	1,693	10,766
Segment results	(29,944)	(820)	1,234	5,742	(23,788)
Finance costs					(9,639)
Loss before income tax					(33,427)
Income tax credit					1,280
Loss for the year					<u>(32,147)</u>
Other segment items included in the consolidated income statement are as follows:					
Provision for impairment loss of loans receivable	—	—	(613)	—	(613)
Provision for impairment loss of other receivables	(8,779)	—	—	—	(8,779)
Impairment loss of available-for-sale financial assets	—	—	—	(109)	(109)
Fair value change on financial assets at fair value through profit or loss	—	699	—	—	699
Fair value gain on investment properties	—	—	—	9,700	9,700
Depreciation of property, plant and equipment	(2,399)	(39)	—	(170)	(2,608)
Gain on disposal of subsidiaries	8,144	—	—	—	8,144

The segment results for the year ended 31 March 2016 are as follows:

	Financial information service business <i>HK\$'000</i>	Securities and futures business <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Property investment business <i>HK\$'000</i>	Group <i>HK\$'000</i>
Gross revenue	7,569	300	550	2,912	11,331
Inter-segment revenue	(148)	—	—	—	(148)
Revenue from external customers	<u>7,421</u>	<u>300</u>	<u>550</u>	<u>2,912</u>	<u>11,183</u>
Segment results	(37,487)	1,009	49	(3,090)	(39,519)
Finance costs					<u>(1,093)</u>
Loss before income tax					(40,612)
Income tax expense					<u>(120)</u>
Loss for the year					<u><u>(40,732)</u></u>

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

Reversal of impairment loss of trade receivables	30	—	—	—	30
Provision for impairment loss of loans receivable	—	—	(355)	—	(355)
Provision for impairment loss of trade receivables	(50)	—	—	—	(50)
Impairment loss of available-for-sale financial assets	—	—	—	(186)	(186)
Fair value change on financial assets at fair value through profit or loss	—	42	—	—	42
Fair value gain on investment properties	—	—	—	100	100
Depreciation of property, plant and equipment	<u>(2,423)</u>	<u>(46)</u>	<u>(1)</u>	<u>(252)</u>	<u>(2,722)</u>

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, financial assets at fair value through profit or loss, 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.

The segment assets and liabilities at 31 March 2017 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 business HK\$'000	Group HK\$'000
Assets	<u>31,616</u>	<u>24,294</u>	<u>26,483</u>	<u>123,337</u>	<u>205,730</u>
Liabilities	<u>15,977</u>	<u>268</u>	<u>776</u>	<u>100,831</u>	<u>117,852</u>
Capital expenditure	<u>3,561</u>	<u>2</u>	<u>—</u>	<u>—</u>	<u>3,563</u>

The segment assets and liabilities at 31 March 2016 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 business HK\$'000	Group HK\$'000
Assets	<u>18,792</u>	<u>20,514</u>	<u>10,152</u>	<u>90,847</u>	<u>140,305</u>
Liabilities	<u>13,325</u>	<u>1,906</u>	<u>752</u>	<u>37,803</u>	<u>53,786</u>
Capital expenditure	<u>963</u>	<u>307</u>	<u>—</u>	<u>646</u>	<u>1,916</u>

The Group mainly operates in Hong Kong and the PRC.

	2017 HK\$'000	2016 HK\$'000
Revenue		
Hong Kong	10,236	7,154
The PRC	530	4,029
	<u>10,766</u>	<u>11,183</u>

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Total assets		
Hong Kong	170,048	102,709
The PRC	35,682	37,487
Other countries	—	109
	<u>205,730</u>	<u>140,305</u>

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Capital expenditure		
Hong Kong	1,787	1,633
The PRC	1,776	283
	<u>3,563</u>	<u>1,916</u>

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

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Customer A ¹	2,127	N/A ³
Customer B ²	1,422	1,466
Customer C ²	N/A ³	1,446
Customer D ¹	<u>1,980</u>	<u>N/A³</u>

¹ Revenue from financial information service business.

² Revenue from property investment business.

³ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. OTHER INCOME AND GAINS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Referral commission income	3,418	4,681
Interest income from bank deposits	6	5
Fair value gain on investment properties	9,700	100
Fair value gain on financial assets at fair value through profit or loss	699	42
Reversal of provision for impairment loss of trade receivables	—	30
Gain on disposal of subsidiaries	8,144	—
Sundry income	470	11
	<u>22,437</u>	<u>4,869</u>

6. FINANCE COSTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest expense on borrowing	703	407
Effective interest expense on convertible bonds	8,936	686
	<u>9,639</u>	<u>1,093</u>

7. LOSS BEFORE INCOME TAX

Loss for the year has been arrived at after charging/(crediting):

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Operating lease payments		
— in respect of rented premises	8,061	6,537
— in respect of office equipment	12	12
Employee benefits expense (including directors' emoluments)	25,428	28,293
Provision for impairment loss of trade receivables	—	50
Provision for impairment loss of loans receivable	613	355
Provision for impairment loss of other receivables	8,779	—
Reversal of provision for impairment loss of trade receivables	—	(30)
Impairment loss of available-for-sale financial assets	109	186
Depreciation of property, plant and equipment	2,608	2,722
Loss on disposal of property, plant and equipment	—	136
Direct operating expenses arising on rental-earning investment properties	117	97
Auditors' remuneration		
— Audit service	550	520
— Non-audit service	—	—
	<u>—</u>	<u>—</u>

8. INCOME TAX (CREDIT)/EXPENSE

Hong Kong Profits Tax is calculated at the rate of 16.5% (2016: 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.

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current tax:		
— Overseas taxation — the PRC	143	154
Under provision in prior years:		
— Hong Kong Profits Tax	6	—
Deferred tax:	<u>(1,429)</u>	<u>(34)</u>
Income tax (credit)/expense	<u>(1,280)</u>	<u>120</u>

9. DIVIDENDS

No dividend was paid or proposed in respect of the year ended 31 March 2017 (2016: Nil) nor has any dividend been proposed since the end of the reporting period.

10. 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 2017 of approximately HK\$29,122,000 (2016: HK\$35,957,000) by the weighted average number of approximately 476,902,000 (2016: 453,047,000) ordinary shares in issue during the year.

(b) Diluted

The computation of diluted loss per share for the year ended 31 March 2017 and 2016 did not assume the exercise of the Company's outstanding share options, warrants and convertible bonds during both years since they are anti-dilutive, as their exercise would result in a decrease in loss per share.

11. ACCOUNTS RECEIVABLE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Loans receivable	20,680	12,339
Less: provision for impairment loss of loans receivable	<u>(2,802)</u>	<u>(2,189)</u>
	<u>17,878</u>	<u>10,150</u>
Trade receivables	1,319	1,329
Less: provision for impairment loss of trade receivables	<u>(1,125)</u>	<u>(1,125)</u>
	<u>194</u>	<u>204</u>
Accounts receivable	<u><u>18,072</u></u>	<u><u>10,354</u></u>

The loans terms granted by the Group to its customers range from 90 days to 365 days from the loan drawn date. The carrying amounts of loans receivable approximately 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. Loan receivables as at 31 March 2017 are unsecured and interest-bearing at rates ranging from 7% to 24% (2016: 7% to 24%) per annum. Loans receivable includes the interest receivables of approximately HK\$1,278,000 (2016: HK\$150,000) receivable at the date of repayment. At 31 March 2017, the aging analysis of the loans receivable is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0–30 days	—	10,150
31–60 days	—	—
61–90 days	7,253	—
Over 90 days	<u>13,427</u>	<u>2,189</u>
	<u><u>20,680</u></u>	<u><u>12,339</u></u>

As of 31 March 2017, loans receivable of approximately HK\$17,878,000 (2016: HK\$Nil) were past due but not impaired. These relate to several major independent customers with no recent history of default.

Aging of loans receivable which are past due but not impaired:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
61–90 days	7,253	—
Over 90 days	<u>10,625</u>	—
	<u>17,878</u>	<u>—</u>

At the end of each reporting period, the recoverability of the Group's loans receivable 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 loans receivable were as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
At the beginning of year	2,189	1,834
Provision for impairment loss	<u>613</u>	<u>355</u>
At the end of year	<u>2,802</u>	<u>2,189</u>

The credit terms are granted by the Group to its customers ranged 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 2017, the aging analysis of the trade receivables are as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0–30 days	33	164
31–60 days	41	18
61–90 days	62	—
Over 90 days	<u>58</u>	<u>22</u>
	<u>194</u>	<u>204</u>

As of 31 March 2017, trade receivables of approximately HK\$58,000 (2016: HK\$22,000) were past due but not impaired. These relate to several independent customers with no recent history of default.

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Over 90 days	<u>58</u>	<u>22</u>

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

Movements on the provision for impairment loss of trade receivables were as follows:

	2017 HK\$'000	2016 <i>HK\$'000</i>
At the beginning of year	1,125	1,155
Reversal of impairment loss	—	(30)
Provision for impairment loss	—	50
Written off	—	(50)
	<hr/>	<hr/>
At the end of the year	<u>1,125</u>	<u>1,125</u>

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:

	2017 HK\$'000	2016 <i>HK\$'000</i>
Hong Kong dollars	18,069	10,354
United States dollars	3	—
	<hr/>	<hr/>
	<u>18,072</u>	<u>10,354</u>

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

12. ACCOUNTS PAYABLE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Accounts payable arising from securities broking		
— Clients	116	908
Accounts payable arising from futures broking		
— Clients	13	13
Other accounts payable	<u>1,539</u>	<u>3,469</u>
Accounts payable	<u><u>1,668</u></u>	<u><u>4,390</u></u>

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 2017 and 2016, the aging analysis of the other accounts payable were as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0–30 days	—	422
31–60 days	—	251
61–90 days	36	88
Over 90 days	<u>1,503</u>	<u>2,708</u>
	<u><u>1,539</u></u>	<u><u>3,469</u></u>

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Renminbi	11	12
Hong Kong dollars	1,648	4,093
United States dollars	<u>9</u>	<u>285</u>
	<u><u>1,668</u></u>	<u><u>4,390</u></u>

13. SHARE CAPITAL

	2017		2016	
	<i>Number of shares</i>	<i>Amount (HK\$'000)</i>	<i>Number of shares</i>	<i>Amount (HK\$'000)</i>
Ordinary shares of HK\$0.01 (2016: HK\$0.01) each Authorized:				
At beginning of year and at the end of year	<u>15,000,000,000</u>	<u>150,000</u>	<u>15,000,000,000</u>	<u>150,000</u>
Issued and fully paid:				
At the beginning of year	465,418,880	4,654	440,818,880	4,408
Conversion of unlisted warrants	<u>63,562,000</u>	<u>636</u>	<u>24,600,000</u>	<u>246</u>
At the end of year	<u>528,980,880</u>	<u>5,290</u>	<u>465,418,880</u>	<u>4,654</u>

Note:

During the year ended 31 March 2017 and 2016, three (2016: two) registered warrants holders exercised their rights to subscribe for a total of 63,562,000 (2016: 24,600,000) ordinary shares of the Company at HK\$0.402 (2016: HK\$0.402) per share.

As at 31 March 2017, there is no outstanding warrants (2016: HK\$25,551,924) conferring any rights to subscribe ordinary shares in the Company.

14. DISPOSAL OF SUBSIDIARIES

- (i) During the year ended 31 March 2017, Finet Group (BVI) Limited, a direct wholly-owned subsidiary of the Company, entered into a sales and purchase agreement with a director of the Company to dispose the Group's entire equity interests in Top 100 Hong Kong Company Limited ("Top 100"), a limited company incorporated in Hong Kong for a cash consideration of HK\$10,000. The disposal was completed on the same date with the sales and purchase agreement. The transaction resulted a gain of approximately HK\$213,000 in profit or loss during the year.
- (ii) During the year ended 31 March 2017, Finet Group Limited, entered into a sales and purchase agreement with a director of the Company to dispose the Group's entire equity interests in China Finance Holdings Limited ("CFHL"), a limited company incorporated in Hong Kong for a cash consideration of HK\$5,000,000. The disposal was completed on the same date with the sales and purchase agreement. The transaction resulted a gain of approximately HK\$232,000 in profit or loss during the year.
- (iii) During the year ended 31 March 2017, Finet Information Service Limited, an indirect wholly-owned subsidiary of the Company, entered into an agreement with individuals to release the Group's entire equity controlling interests in 深圳市財華智庫信息技術有限公司 ("財華智庫"), a limited company incorporated in the PRC for a cash consideration of HK\$1. The disposal was completed on the same date with the agreement. The transaction resulted a gain of approximately HK\$7,699,000 in profit or loss during the year.

Analysis of assets and liabilities over which control were lost:

	Top 100 HK\$'000 (note (i))	CFHL HK\$'000 (note (ii))	財華智庫 HK\$'000 (note (iii))	Total HK\$'000
Net (liabilities)/assets disposed of:				
Property, plant and equipment	—	—	11	11
Other receivables	—	50	12	62
Cash and cash equivalents	59	4,727	33	4,819
Other payables	(262)	(9)	(7,484)	(7,755)
	<u>(203)</u>	<u>4,768</u>	<u>(7,428)</u>	<u>(2,863)</u>
Release of translation reserve	—	—	(271)	(271)
Gain on disposal of subsidiaries (note 5)	213	232	7,699	8,144
	<u>10</u>	<u>5,000</u>	<u>—</u>	<u>5,010</u>
Total consideration				
Satisfied by:				
Cash consideration received	<u>10</u>	<u>5,000</u>	<u>—</u>	<u>5,010</u>
Net cash inflow/(outflow) arising on disposals:				
Total cash consideration received	10	5,000	—	5,010
Less: bank balances and deposits disposed of	(59)	(4,727)	(33)	(4,819)
	<u>(49)</u>	<u>273</u>	<u>(33)</u>	<u>191</u>

15. 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.

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 investor relationship business 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 which have been vacant for a period of time during the financial year were successfully leased out during the year. Together with the investment properties in the People’s Republic of China (the “PRC”), the property investment business continued to provide stable income and result a positive contribution to the financial results of the Group.

MONEY LENDING BUSINESS

The Group has been focusing on money lending business in this financial year. Despite the keen competition within the market, the loan interest income from the money lending business increased significantly in this year by approximately HK\$1,248,000.

FINANCIAL INFORMATION SERVICE BUSINESS

Taking into consideration of the adverse market situation, the Group has decided to gradually scale down the provision of financial information services and technology platform to our customers. The major reason of the scale down since the decreasing in profit margin within this business segment in recent years. As a result of our downsizing exercise, our data center cost and information supplier cost have significantly decreased in this financial year and is expected to remain stable in next financial year.

SECURITIES AND FUTURE BUSINESS

Due to the keen competition within the market, the improvement in Group’s securities and future business is still a challenging task.

FINANCIAL REVIEW

Revenue of the Group for the year ended 31 March 2017 was approximately HK\$10,766,000 (2016: HK\$11,183,000), which represented a decrease of approximately 3.7% as compared to the previous financial year. The net decrease was primarily attributable to: (i) an increase in loan interest income of approximately HK\$1,248,000 from money lending business; (ii) a decrease in income from financial

information services and advertising services of approximately HK\$153,000; (iii) a decrease in the income from securities and futures business of approximately HK\$293,000; and (iv) a decrease in rental income from property investment business of approximately HK\$1,219,000.

Other income and gains of the Group for the year ended 31 March 2017 was approximately HK\$22,437,000 (2016: HK\$4,869,000). The increase was mainly due to: (i) an increase in fair value gain on investment properties of approximately HK\$9,700,000; (ii) gain on disposal of subsidiaries of approximately HK\$8,144,000; and (iii) a decrease in referral commission income of approximately HK\$1,263,000.

Cost of sales of the Group for the year ended 31 March 2017 was approximately HK\$3,066,000 (2016: HK\$7,906,000) representing a decrease of approximately 61.2% as compared to the previous financial year in line with financial information service business.

Selling and marketing expenses of the Group for the year ended 31 March 2017 were approximately HK\$145,000 and was decreased by approximately HK\$592,000 compared with approximately HK\$737,000 in 2016, representing a decrease of approximately 80.3% because of saving of expenses in sponsorship activities this year.

General and administrative expenses of the Group for the year ended 31 March 2017 were increased by approximately HK\$6,852,000 to approximately HK\$53,780,000 (2016: HK\$46,928,000), representing an increase of approximately 14.6% which was mainly due to provision for impairment loss of other receivables of HK\$8,779,000 made during the year.

Finance costs for the year ended 31 March 2017 were approximately HK\$9,639,000 (2016: HK\$1,093,000), which represented the interest charges on bank loans for the investment properties in Hong Kong of approximately HK\$703,000 (2016: HK\$407,000) and the charge of effective interest expenses on convertible bonds equity component of approximately HK\$8,936,000 (2016: HK\$686,000).

The Hong Kong taxation expenses for the year ended 31 March 2017 were approximately HK\$6,000 representing taxation expenses under provided for previous financial year. Approximately HK\$143,000 was paid during the year ended 31 March 2017 (2016: HK\$154,000) for income tax on rental income for the investment properties of the Company in the PRC. The deferred tax credit of approximately HK\$1,429,000 was mainly attributable to investment properties in Hong Kong, and the movement of the convertible bonds in equity component during the year.

Loss attributable to non-controlling interests of approximately HK\$3,025,000 in 2017 (2016: HK\$4,775,000) 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 2017 was approximately HK\$29,122,000 (2016: HK\$35,957,000).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 31 March		change
	2017	2016	
	HK\$'000	HK\$'000	
Net current assets	54,775	14,420	279.9%
Total assets	205,730	140,305	46.6%
Total liabilities	117,852	53,786	119.1%
Total equity	87,878	86,519	1.6%
Cash and cash equivalents	57,016	25,718	121.7%
Debts to equity ratio	1.3x	0.62x	109.7%
Gearing ratio	1.02x	0.28x	264.3%

As at 31 March 2017, the total assets of the Group increased by approximately HK\$65,425,000 to approximately HK\$205,730,000 as compared to approximately HK\$140,305,000 as at the end of the previous financial year, representing an increase of approximately 46.6%.

As at 31 March 2017, the total liabilities of the Group increased by approximately HK\$64,066,000 to approximately HK\$117,852,000 as compared to approximately HK\$53,786,000 as at the end of the previous financial year, representing an increase of approximately 119.1%.

As at 31 March 2017, the total equity of the Group increased by approximately HK\$1,359,000 to approximately HK\$87,878,000 as compared to approximately HK\$86,519,000 as at the end of the previous financial year, representing an increase of approximately 1.6%.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

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

	2017	2016
	HK\$'000	HK\$'000
Management fee paid to Maxx Capital Finance Limited (<i>Note i</i>)	150	600
Referral fee and interest expenses in relation to the money lending business paid to Maxx Capital Finance Limited (<i>Note i</i>)	120	120
Rental expense paid to Cyber Feel Limited (<i>Note ii</i>)	3,686	2,765
Rental expense paid to Maxon Management Limited (<i>Note iii</i>)	326	—
Rental expenses paid to Avaya Lane Limited (<i>Note i</i>)	360	—
Referral commission income from a director (<i>Note iv</i>)	80	—

Notes:

- (i) Maxx Capital Finance Limited and Avaya Lane Limited are beneficially owned by Ms. LO Yuk Yee (“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 2017, the annual cap payable by the Group to Cyber Feel under the tenancy agreement, excluding management fee and government rates amount to approximately HK\$3,686,172.
- (iii) This transaction constituted continuing connected transaction as defined in the GEM Listing Rules. Maxon Management Limited (“Maxon”) is beneficially owned by Ms. LO, the chairman and the director of the Company. For the year ended 31 March 2017, the annual cap payable by the Group to Maxon under the tenancy agreement, excluding management fee and government rates amount to approximately HK\$330,116.
- (iv) The referral commission is from Ms. LO, the chairman and the director of the Company.

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.

GEARING RATIO

As at 31 March 2017, the Group’s gearing ratio was approximately 102% (2016: 28%), based on total borrowings and the convertible bonds of approximately HK\$89,525,000 (2016: HK\$24,068,000) and total equity of the Group of approximately HK\$87,878,000 (2016: HK\$86,519,000).

SIGNIFICANT INVESTMENTS HELD

As at 31 March 2017, the Group had financial assets at fair value through profit or loss of approximately HK\$10,400,000 (2016: HK\$Nil) representing investment in a listed equity security which is listed on the Hong Kong Stock Exchange Limited. The investment was held for trading opportunity and was expected to generate realized gain upon either partial or complete disposal of the security in next financial year.

CHARGES OF ASSETS

As at 31 March 2017, the Group’s investment properties with an aggregate carrying value of approximately HK\$68,000,000 (2016: HK\$58,200,000) was pledged as security for the borrowing facilities of the Group.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group holds investment properties which denominated in RMB. 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 124 (2016: 110) full-time employees (including directors) in Hong Kong and the PRC as at 31 March 2017.

During the year, the Group incurred total staff costs (including Directors' emoluments) of approximately HK\$25,428,000 (2016: HK\$28,293,000).

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.

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 2017. 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 2017.

AUDIT COMMITTEE

The annual results announcement of the Group for the year ended 31 March 2017 have been reviewed by the audit committee of the Company.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of this announcement of the Group's results for the year ended 31 March 2017 have been agreed by the Group's auditor, HLB, to the amounts set out in the Group's consolidated financial statement for the year ended 31 March 2017. The work performed by HLB in this respect did not constitute assurance engagement in accordance with Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLB in this announcement.

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 2017.

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 2017, 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.

PROSPECT

We will continue to allocate our resources in FinTV as we aim to strengthen our leading position in providing financial news services.

We have high recognition in both Hong Kong and PRC market. Also, FinTV has high penetration power and reputation.

With our experienced production team, FinTV is able to generate high quality program for our audience.

We will strengthen our sales and marketing team in coming year to boost the advertising income of FinTV. Moreover, FinTV is expected to provide strong support to our investor relationship business.

Investor relationship business is expected to become our profitable stream ("IR business") of the Group in the coming years. IR business will both cover the listed companies and pre-IPO assignments. The services that we have been providing include the followings: (1) production of promotional videos; (2) arrangement of press conferences and celebration events; (3) arrangement of investor meetings; (4) preparing of investor relationship articles; (5) news distribution for the listed companies and pre-IPO assignments.

Our outstanding FinTV production team can support the growth and expansion of our IR business. In addition, the Group has accumulated ample experiences in event management through the running of TOP 100 HK awards Ceremony.

The Group has successfully hosted the TOP 100 HK awards Ceremony events this year. This major event has created a strong foundation for us to develop the event management business. On the other hand, the Group has earned a lot of reputation and recognition by running TOP 100 HK awards Ceremony events.

Meanwhile, Finet Securities Limited (“Finet Securities”), our securities arm, has successfully obtained the SFC license type 4 (advisory in securities) and type 9 (Asset Management). We aim to expand our services including discretionary portfolio management, investment advisory and management of private funds. Finet Securities is expected to generate satisfactory management fee and performance fee income from fund management business in near future.

Lastly, we are planning to commence the margin financing business by providing margin facility to our clients, which may help to increase the trading volume and benefit our brokerage business.

By order of the Board
Finet Group Limited
Lo Yuk Yee
Chairman

Hong Kong, 26 June 2017

As at the date of this announcement, the executive Directors are Ms. Lo Yuk Yee, Mr. Chow Wing Chau and Mr. Yiu Wing Hei, and the independent non-executive Directors are Mr. Wong Wai Kin, Mr. Siu Siu Ling, Robert and Mr. Leung Chi Hung.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading or deceptive.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the day of its posting and on the website of the Company at www.finet.hk