財華社
FINET

Finet Group Limited
(Continued in Bermuda with limited liability)
(Stock Code: 08317)

MOVING FORWARD
2017/18

Hong Kong
Shenzhen
Beijing

ANNUAL REPORT

CHARACTERISTICS OF 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 of the Stock Exchange ("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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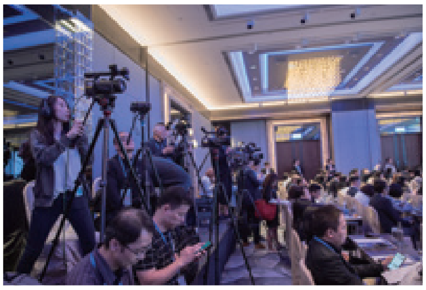
Corporate Profile

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, advertising and investor relationship 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.

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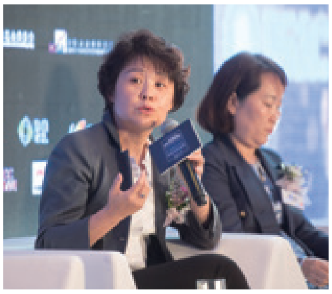



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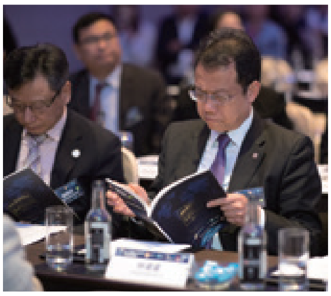



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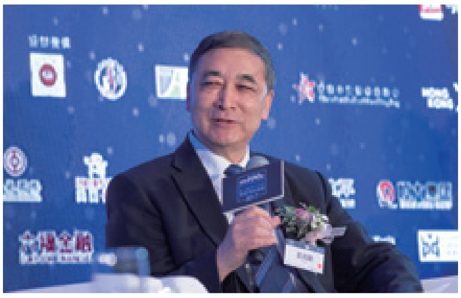

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Corporate Information

Board of Directors

Executive Directors

Ms. LO Yuk Yee *(Chairman and Chief Executive Officer)*
Mr. CHOW Wing Chau
Mr. YIU Wing Hei
Mr. LI Hong
(resigned on 8 May 2017)

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

Auditors

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office and Principal Place of Business in Hong Kong

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

Company Website

www.finet.hk

Principal Banker

The Hongkong and Shanghai Banking
Corporation Limited

Stock Code

08317

Investor Relations

Email: ir@finet.com.hk
Website: http://ir.finet.hk/

Financial Highlights

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Operating results		
Revenue	**18,774**	10,766
Loss attributable to owners of the Company	**(35,814)**	(29,122)
Loss attributable to non-controlling interests	**(1,054)**	(3,025)

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Financial position		
Total assets	**145,787**	205,730
Total liabilities	**42,335**	117,852
Net assets	**103,452**	87,878
Cash and cash equivalents	**20,331**	57,016

	Year ended 31 March	
	2018	2017
Loss per share for loss attributable to owners to the Company during the year		
Basic and diluted *(HK dollar per share)*	**(0.06)**	(0.06)

Statement from the Chairman

On behalf of the board of directors of Finet Group Limited, I am pleased to present to all our shareholders the operating result of the Group for the year ended March 31, 2018.

Business Reviews

In the past year we have been focused on the transformation of our business from traditional media company to a Combined One-Stop media and financial public relationship services provider. To cope with the rapid growth of internet and mobile app users in China and Hong Kong, we have developed a few new apps with multi uses and functions for our viewers. The launching of multi apps has increased the size of our viewer's population in China significantly. The Group believes the capital market in Hong Kong is more open up for China enterprises and this will bring in a lasting and healthy growth to the financial public relations services business in Hong Kong. In order to prepare for this opportunity we have built up a stronger servicing team in the two places between the boarder for the purpose of solidifying our platform.

Our revenue derived from financial public relations business has increased significantly. This is due to the result of increase in number of viewers through our expansion of channels and partnership with financial web-sites in China.

We believe the future for financial public relations service will gradually move into on-line platform, which can enable more interacted responses between the investors and the senior management of the listed companies. Therefore, we have been focused on the development of "Fin Cloud" which is an on-line Public Relationship Servicing Platform. Our Fin Cloud platform will bring a disruptive change to the traditional public relationship services industry. It will enhance the frequent interaction between the senior executives of the Listed Companies and the general public, and, will also enable more financial services to be transacted on the platform at a lower market price and conducted in a more accessible manner.

To cope with the demands from investors and capital market professionals for instant and most updated news and financial data, we have put a great investment into the building up and strengthening of our Listed Companies Data Base. This effort has made our data base the largest and most comprehensive data base in Hong Kong stock market.

Prospects

The Group sees the great challenge in the financial public relationship services market and other auxillary financial services in the near future, due to the One Belt One Road strategy provoked by our China Government, and the reform of our Listing Rules in the Listing Requirements for companies under the new economy. This change has brought us many opportunities for financial public relations business and Initial Public Offerings opportunities for biotech, pharmaceutical, internet and unicorn companies.

We will continue to strengthen our financial public relations services and, in the meantime, we will also expand our asset management and securities brokering business. We hope we can improve our services to our customers' satisfaction by providing them with a board range services such as fund raising services for their financial capital needs. Under the policy for development in the One Belt One Road strategy, we have explored the opportunity of creating Property Development Fund for property development in these countries. We are in search for the investment opportunities for re-development of old town and cities in these countries.

Statement from the Chairman

We will continue to leverage on our existing strength and experience in China and in the meantime will expand our business activities in the countries under the One Belt One Road Zone as part of our global development strategy. We hope our future plan will help us to maximize the value of our Group for our shareholders.

Lo Yuk Yee
Chairman

21 June 2018

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, advertising and investor relationship service business" segment.

Property Investment Business

The investment properties in the People's Republic of China (the "PRC") continued to provide stable income and result a positive contribution to the financial results of the Group.

Money Lending Business

The loan interest income from the money lending business decreased in this year under the keen market competition.

Financial Information, Advertising and Investor Relationship Service Business

The Group continued to generate service income from provision of financial information service business.

On the other hand, the service income generated from advertising and investor relationship business increased significantly because of the continuous effort of our Group.

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 in coming year.

Financial Review

Revenue of the Group for the year ended 31 March 2018 was approximately HK$18,774,000 (2017: approximately HK$10,766,000), which represented an increase of approximately 74.4% as compared to the previous financial year. The net increase was primarily attributable to: (i) a decrease in loan interest income of approximately HK$743,000 from money lending business; (ii) an increase in income from financial information services, advertising and investor relationship services of approximately HK$8,463,000; (iii) a decrease in the income from securities and futures business of approximately HK$2,000; and (iv) an increase in rental income from property investment business of approximately HK$290,000.

Other income and other losses of the Group for the year ended 31 March 2018 was approximately HK$4,123,000 (2017: approximately HK$22,437,000). The decrease was mainly due to: (i) a decrease in fair value gain on investment properties of approximately HK$8,000,000; (ii) a change from gain on disposal of subsidiaries of approximately HK$8,144,000 in 2017 to a loss on disposal of a subsidiary of approximately HK$499,000 in 2018; and (iii) a decrease in referral commission income of approximately HK$3,418,000.

Cost of sales of the Group for the year ended 31 March 2018 was approximately HK$2,726,000 (2017: approximately HK$3,066,000), which represented a decrease of approximately 11.1% as compared to the previous financial year.

General and administrative expenses of the Group for the year ended 31 March 2018 were decreased by approximately HK$7,257,000 to approximately HK$46,523,000 (2017: approximately HK$53,780,000), representing a decrease of approximately 13.5% as compared to the previous financial year. The decrease was mainly due to a decrease in the provision for the impairment loss of other trade receivables, approximately HK$8,779,000 this year and reversal of provision for impairment loss of loans receivables of approximately HK$2,802,000.

Finance costs for the year ended 31 March 2018 were approximately HK$7,035,000 (2017: approximately HK$9,639,000), which represented the interest charged on bank loans for the investment properties in Hong Kong of approximately HK$645,000 (2017: approximately HK$703,000) and the charge of effective interest expenses on convertible bonds of approximately HK$6,390,000 (2017: approximately HK$8,936,000).

The Hong Kong taxation expenses for the year ended 31 March 2018 were approximately HK$257,000 (2017: under-provision approximately HK$6,000). Approximately HK$145,000 was paid during the year ended 31 March 2018 (2017: approximately HK$143,000) for income tax on rental income for the investment properties of the Company in the PRC. The deferred tax expense of approximately HK$2,942,000 was mainly attributable to investment properties in Hong Kong, and the movement of the convertible bonds during the year.

Loss attributable to non-controlling interests of approximately HK$1,054,000 in 2018 (2017: approximately HK$3,025,000) 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 2018 was approximately HK$35,814,000 (2017: approximately HK$29,122,000).

Liquidity, Financial Resources and Capital Structure

	As at 31 March		
	2018	2017	change
	HK$'000	HK$'000	
Net current assets	**22,072**	54,775	(59.7%)
Total assets	**145,787**	205,730	(29.1%)
Total liabilities	**42,335**	117,852	(64.0%)
Total equity	**103,452**	87,878	17.7%
Cash and cash equivalents	**20,331**	57,016	(64.3%)
Debts to equity ratio	**0.4x**	1.3x	(69.2%)
Gearing ratio	**0.16x**	1.02x	(84.3%)

As at 31 March 2018, the total assets of the Group decreased by approximately HK$59,943,000 to approximately HK$145,787,000 as compared to approximately HK$205,730,000 as at the end of the previous financial year, representing a decrease of approximately 29.1%.

As at 31 March 2018, the total liabilities of the Group decreased by approximately HK$75,517,000 to approximately HK$42,335,000 as compared to approximately HK$117,852,000 as at the end of the previous financial year, representing a decrease of approximately 64.1%.

As at 31 March 2018, the total equity of the Group increased by approximately HK$15,574,000 to approximately HK$103,452,000 as compared to approximately HK$87,878,000 as at the end of the previous financial year, representing an increase of approximately 17.7%.

Convertible bonds

On 23 December 2015, 6 May 2016 and 12 May 2016, the Company issued convertible bonds, comprised Convertible Bond Batch 1 (the "CB 1"), Convertible Bond Batch 2 (the "CB 2"), Convertible Bond Batch 3 (the "CB 3") and Convertible Bond Batch 4 (the "CB 4"), with an aggregate principal amount of HK$69,696,000 to the subscriber, Maxx Capital International Limited ("Maxx Capital"), which is beneficially owned by Ms. LO, the chairman and the executive director of the Company. The convertible bonds carried an interest at 3% per annum payable on annual basis and have a term of 2 years. The convertibles bonds carried the rights to convert into conversion share at a price of HK$0.396 each during the period commencing from the date of issue of convertible bonds and ending on the day which falls on the second anniversary of the date of issue of convertible bonds.

On 13 July 2017, the Company early redeemed the CB 1. The fair value of the liability component on the date of redemption was approximately HK$16,581,000 and resulted in a loss of approximately HK$32,000 from the redemption of the CB 1.

On 14 December 2017, Maxx Capital has fully exercised the rests of its conversion rights attached to the CB 2, CB 3 and CB 4 with an aggregate principal amount of HK$52,272,000 into 137,557,894 new ordinary shares of the Company at HK$0.38 each.

Update on use of proceeds from the subscription of convertible bonds

Reference is made to the circular (the "Circular") issued by the Company dated 14 October 2015 relating to the subscription of convertible bonds. It was disclosed in the section headed "Use of Proceeds" in the Circular that the Company intended to utilize the proceeds from the issuance of the convertible bonds in two stages during the period from October 2015 to September 2017, with the First Stage from October 2015 to September 2016 and the Second Stage from October 2016 to September 2017, in the following manner:

(i) Invest in and develop of Internet finance platform in China, it is expected that approximately 16.2% of the aggregate proceeds raised from the subscription, subject to 5% variation, shall be allocated:

   (a) to develop mobile and Internet applications; and

   (b) to enhance and maintain the database of financial data, news, videos and the content management system.

   Investment in the said Internet finance platform shall be divided into two stages, investments in the First Stage and the Second Stage shall be approximately 8.9% and 7.3% of the aggregate proceeds raised from the subscription respectively, subject to the said 5% variation.

(ii) Invest in and develop of the big data platform, it is expected that approximately 22.4% of the aggregate proceeds raised from the subscription, subject to 5% variation, shall be allocated:

(a) to develop hardware and software for the big data platform in private clouds; and

(b) to maintain the said big data platform.

Investment in big data platform shall be divided into two stages, investments in the First Stage and the Second Stage shall be approximately 8.6% and 13.8% of the aggregate proceeds raised from the Subscription respectively, subject to the said 5% variation.

The said investment and development of big data platform is expected to commence in the First Stage.

(iii) Expand operations in Beijing and Shenzhen, it is expected that approximately 29.1% of the aggregate proceeds raised from the Subscription, subject to 5% variation, shall be allocated:

(a) to renovate and expand Beijing office; and

(b) to increase the number of staff

Expansion in PRC operations is divided into two stages, investments in the First Stage and the Second Stage shall be approximately 13.4% and 15.7% of aggregate proceeds raised from the subscription respectively, subject the said 5% variation.

(iv) Expand marketing force for promotion of mobile Internet platform in the PRC, it is expected that approximately 17.9% of the aggregate proceeds raised from the subscription, subject to 5% variation, shall be allocated:

(a) to promote the said mobile applications.

Expansion in marketing force is divided into two stages, investment in the First Stage and the Second Stage shall be approximately 7.1% and 10.8% of aggregate proceeds raised from the subscription respectively, subject to said 5% variance.

The said expansion of marketing force is expected to commence in the First Stage.

(v) Strengthen general working capital, it is expected that approximately 14.4% of the aggregate proceeds raised from the subscription, subject to 5% variation, shall be allocated as general working capital.

All of the convertible bonds had been issued to the subscriber, a company incorporated in the British Virgin Islands and a substantial shareholder of the Company which is ultimately controlled by Ms. LO, by four tranches which took place on 23 December 2015, 6 May 2016 and 12 May 2016, raising an aggregate net proceeds of approximately HK$69.6 million. Further information regarding the completion of the subscription of the convertible bonds was published in the announcements of the Company dated 23 December 2015, 6 May 2016 and 12 May 2016 respectively.

In July 2017, the Company early redeemed the first batch of convertible bond (total value of approximately HK$17.4 million). Therefore, the total intended net proceeds was reduced to HK$52.2 million.

The use of the abovementioned net proceeds up to the date of this report are illustrated in the table below:

	Intended net proceeds (approximate)	Intended use of such net proceeds	Actual use of such net proceeds (nature and amount utilised)
(i)	HK$8.5 million, being approximately 16.2% of the total net proceeds, subject to 5% variation	Invest in and develop of Internet finance platform in China, including (a) the development of mobile and Internet applications; and (b) the enhancement and maintenance of the database of financial data, news, videos and the content management system.	Approximately RMB570,000 (equivalent to approximately HK$662,000) was used for the development cost of FinTV Apps for mobile application of our Internet TV. Approximately RMB715,000 (equivalent to approximately HK$846,000) was used for the development cost of Finet Apps for mobile application of Finet website. Approximately HK$4,639,000 was used for the payments of salary and mandatory provident fund for staff to enhance and maintain the database editing of news, productions of video and provisions of contents in Internet finance platform. Approximately HK$4,232,000 was used for the payments of rental and government rent and rates for our studio for content production. The net proceed was fully utilised for the intended use.

	Intended net proceeds (approximate)	Intended use of such net proceeds	Actual use of such net proceeds (nature and amount utilised)
(ii)	HK$11.7 million, being approximately 22.4% of the aggregate net proceeds, subject to 5% variation	Invest in and develop of the big data platform, including (a) the development of hardware and software for the big data platform in private clouds; and (b) the maintenance of the said big data platform.	Approximately RMB3,031,000 (equivalent to approximately HK$3,550,000) was used for the payment of salary for the data centre team in Shenzhen to maintain the big data platform. Approximately HK$171,000 was used for development of hardware and software for the big data platform in private clouds. Approximately HK$1,201,000 was used for purchasing of computers and office equipment for the data centre team in Shenzhen. Approximately HK$7,797,000 was used for the salary payments of IT and supporting staff in Hong Kong for operation of big data platform. The net proceed was fully utilized for the intended use.
(iii)	HK$15.2 million, being approximately 29.1% of the aggregate net proceeds, subject to 5% variation	Expand operations in Beijing and Shenzhen, including (a) the renovation and expansion of Beijing office; and (b) the increasing of the number of staff	Approximately RMB284,000 (equivalent to approximately HK$330,000) was used for the renovation of Beijing office. Approximately RMB146,000 (equivalent to approximately HK$171,000) was used for purchasing of the furniture for both Beijing and Shenzhen offices. Approximately RMB419,000 (equivalent to approximately HK$491,000) was used for purchasing computers and office equipment for both Beijing and Shenzhen offices.

Intended net proceeds (approximate)	Intended use of such net proceeds	Actual use of such net proceeds (nature and amount utilised)
		Approximately RMB5,059,000 (equivalent to approximately HK$5,867,000) and RMB2,600,000 (equivalent to approximately HK$3,072,000) were used for the payments of salary and social insurance for staff in Shenzhen and Beijing offices respectively.
		Approximately RMB1,888,000 (equivalent to approximately HK$2,214,000) and RMB1,531,000 (equivalent to approximately HK$1,797,000) were used for the rental payment for Shenzhen and Beijing offices respectively.
		Approximately RMB487,000 (equivalent to approximately HK$579,000) was used for the general operating costs for Shenzhen and Beijing offices.

	Intended net proceeds (approximate)	Intended use of such net proceeds	Actual use of such net proceeds (nature and amount utilised)
			Approximately HK$2,245,000 was used for the salary payments of IT and supporting staff in Hong Kong for overall operation and management of Beijing and Shenzhen office. The net proceed was fully utilized for the intended use.
(iv)	HK$9.3 million, being approximately 17.9% of the aggregate net proceeds, subject to 5% variation	Expand marketing force for promotion of mobile Internet platform in the PRC by promoting the said mobile applications	Approximately HK$2,003,000 was used for the salary payments of marketing staff. Approximately HK$7,297,000 of the proceeds were unused as the management of the Company considers that they have not come across a suitable timing for the launch of marketing campaign. The said unused proceeds will be paid for the same purpose when opportunity arise.
(v)	HK$7.5 million, being approximately 14.4% of the aggregate net proceeds, subject to 5% variation	As general working capital	Approximately HK$10,383,000 was used for the rental payment for Hong Kong office. Approximately HK$4,874,000 was used for the operating cost for Hong Kong office. The net proceed was fully utilized for the intended use.

Gearing Ratio

As at 31 March 2018, the Group's gearing ratio was approximately 16% (2017: 102%), based on total borrowings of approximately HK$16,846,000 (2017: 102% based on total borrowings and the convertible bonds of approximately HK$89,525,000) and total equity of the Group of approximately HK$103,452,000 (2017: HK$87,878,000).

Significant Investments Held

As at 31 March 2018, the Group held financial assets at fair value through profit or loss of approximately HK$5,813,000 (2017: approximately HK$10,400,000) representing highly liquid equity securities listed in the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The equity investment as of 31 March 2018 consists solely of 12,500,000 shares (2017: 20,000,000 shares) of equity securities of Daisho Microline Holdings Limited (SEHK: 567) which were acquired through placement during the year ended 31 March 2017. During the year ended 31 March 2018, the Group has disposed 7,500,000 shares of Daisho Microline Holdings Limited at HK$0.53 per share to have a realized gain on disposal of financial assets at fair value through profit or loss of approximately HK$75,000 (2017: A realized gain of approximately HK$299,000 from disposal of equity securities of another investee). As at 31 March 2018, the investment represented approximately 2.17% (2017: approximately 3.47%) of shareholding in Daisho Microline Holdings Limited. As at 31 March 2018, based on the fair value of HK$0.465 per share (2017: HK$0.52 per share), the fair value and carrying amount of the equity investment was approximately HK$5,813,000 (2017: approximately HK$10,400,000). The Group had an unrealized loss on financial assets at fair value through profit or loss (equity investment in Daisho Microline Holdings Limited) of approximately HK$687,000 for the year ended 31 March 2018 (2017: An unrealized gain on financial assets at fair value through profit or loss of another investee, approximately HK$400,000).

Set out below is a breakdown of the significant investments of the Group as at 31 March 2018 and 2017:

	2018 **HK$'000**	2017 HK$'000
Current assets		
Financial assets at fair value through profit or loss		
— Daisho Microline Holdings Limited (SEHK: 0567)	**5,813**	10,400

As at 31 March 2018

	Number of shares held as at 31 March 2018	Percentage of shareholding as at 31 March 2018	Fair value as at 31 March 2017 HK$'000	Investment cost of disposal of shares during the year ended 31 March 2018 HK$'000	Realized gain for the year ended 31 March 2018 HK$'000	Unrealized loss for the year ended 31 March 2018 HK$'000	Net loss for the year ended 31 March 2018 HK$'000	Fair value as at 31 March 2018 HK$'000	Percentage to the Group's total assets as at 31 March 2018
Daisho Microline Holdings Limited (SEHK: 0567)	12,500,000	2.17%	10,400	(3,900)	75	(687)	(612)	5,813	3.91%

As at 31 March 2017

	Number of shares held as at 31 March 2017	Percentage of shareholding as at 31 March 2017	Investment cost during the year ended 31 March 2017 HK$'000	Investment cost of disposal of shares during the year ended 31 March 2017 HK$'000	Realized gain for the year ended 31 March 2017 HK$'000	Unrealized gain for the year ended 31 March 2017 HK$'000	Net gain for the year ended 31 March 2017 HK$'000	Fair value as at 31 March 2017 HK$'000	Percentage to the Group's total assets as at 31 March 2017
Financial assets at fair value through profit or loss									
Prosper Construction Holdings Limited (SEHK: 6816)	—	—	8,000	(8,000)	299	—	299	—	—
Daisho Microline Holdings Limited (SEHK: 0567)	20,000,000	3.47%	10,000	—	—	400	400	10,400	5.06%
			18,000	(8,000)	299	400	699	10,400	5.06%

Performance and Prospects of the Financial Assets at Fair Value through Profit or Loss

Daisho Microline Holdings Limited

Daisho Microline Holdings Limited ("Daisho Microline") and its subsidiaries (the "Daisho Microline Group") are principally engaged in investment holding, the manufacturing and trading of printed circuit boards ("PCB") and the trading of petroleum and energy products.

Pursuant to the annual report of Daisho Microline for the year ended 31 March 2018, the Daisho Microline Group's total revenue for the year ended 31 March 2018 was approximately HK$412 million. The increase was resulted from the Daisho Microline Group engaging in the trading of petroleum and energy products and related business commenced since June 2017. The Daisho Microline Group's net loss for the year ended 31 March 2018 was approximately HK$80 million.

Going forward, the Daisho Microline Group will continue to develop the petroleum trading business in Hong Kong and further expand the Singapore market. The Daisho Microline Group targets to transform its business model in the coming years to more diversified business, PCB manufacturing and the trading of petroleum business.

Material Acquisition and Disposal of Subsidiaries

a) Disposal of a subsidiary

On 14 March 2017, Finet Group (BVI) Limited, a direct wholly-owned subsidiary of the Company, has entered into the provisional agreement with an independent third party to dispose of the sale shares representing the entire issued share capital of Pink Angel Investments Limited ("Disposal Company") together with the sale debt at a disposal consideration of HK$67,430,000. The principal assets held by Disposal Company were the commercial properties located in Hong Kong. The disposal constituted a major transaction of the Company under the GEM Listing Rules and approved by the independent shareholders of the Company by way of poll at the special general meeting on 11 July 2017. The disposal of a subsidiary was completed on the same date for a cash consideration of HK$67,430,000.

For details, please refer to the Company's announcements dated 14 March 2017, 13 April 2017, 13 May 2017, 23 May 2017, 26 June 2017 and 11 July 2017.

b) Acquisition of a subsidiary

On 24 August 2017, the Group completed the acquisition of entire interests in Maxon Management Limited (the "Acquisition") at a net consideration, HK$36,233,000. The principal asset held by Maxon Management Limited was a commercial property located in Hong Kong, which has been leased to the Company for its securities and futures business since January 2017. The Acquisition constituted a major and connected transaction of the Company under the GEM Listing Rules and approved by the independent shareholders of the Company by way of poll at the special general meeting on 24 August 2017. The Acquisition was completed on the same date. Following the completion of the Acquisition, Maxon Management Limited became an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the accounts of the Group.

For details, please refer to the Company's announcements dated 24 April 2017, 11 May 2017, 21 June 2017, 13 July 2017, 21 July 2017, 7 August 2017 and 24 August 2017.

Charges of Assets

As at 31 March 2018, the Group's property, plant and equipment with an aggregate carrying value of approximately HK$53,280,000 was pledged as security for the borrowing facilities of the Group.

As at 31 March 2017, the Group's investment properties with an aggregate carrying value of approximately HK$68,000,000 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 128 (2017: 124) full-time employees (including directors) in Hong Kong and the PRC as at 31 March 2018.

During the year, the Group incurred total staff costs (including Directors' emoluments) of approximately HK$27,707,000 (2017: HK$25,428,000).

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.

Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 March 2018 (2017: Nil).

Event After the Reporting Period

The Group had no material event subsequent to the end of the reporting period and up to the date of this report.

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

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 experience 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.

Board of Directors and Senior Management

Executive Directors

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

Ms. LO, aged 58, is an experienced investor in cutting-edge technology and venture capital in the past 24 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 52, has more than 22 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 38, 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.

Mr. LI Hong

Mr. LI, aged 40, joined the Company in 30 September, 2016 and resigned on 8 May 2017. Mr. Li graduated from Tongji University in 1998 with degree in Transportation Engineering. Before joining the Company, Mr. Li has previously worked at Hang Yi Holdings Co. Ltd as vice president from January 2016, and served as the general manager of South Giant New Energy Holdings Limited in China from March 2008 to January 2016.

Independent non-executive Directors

Mr. WONG Wai Kin ("Mr. W.K. WONG")

Mr. W.K. WONG, aged 60, 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 32 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 Siu Ling, Robert ("Mr. Siu"), aged 66, has been appointed as independent non-executive Director of the Company with effect from 13 September 2010. He is a sole proprietor of the firm, Messrs. Robert Siu & Co., Solicitors. He is an independent non-executive director of Central Wealth Financial Group Limited (formerly known as China For You Group Company Limited) (stock code: 0572) and Skyway Securities Group Limited (formerly known as Mission Capital Holdings Limited (stock code: 1141), a company listed on the Main Board of the Stock Exchange, and independent non-executive director of Kaisun Energy Group Limited (stock code: 8203) is listed on the Growth Enterprise Market of the Stock Exchange. Mr. Siu was a director of MBMI Resources Inc. during the period from November 2012 to March 2015, a company listed on the Toronto Stock Exchange. Mr. Siu holds a bachelor's degree in laws from University of London in the United Kingdom and a postgraduate certificate in laws from The University of Hong Kong and a master degree in laws from University of Greenwich. He has been admitted as a solicitor in Hong Kong since 1992 and has been admitted as a solicitor in England and Wales since 1993. His legal practice is mainly in the field of commercial and corporate finance.

Mr. LEUNG Chi Hung ("Mr. C.H. LEUNG")

Mr. C.H. LEUNG, aged 62, 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 WT Group Holdings Limited (stock code: 8422) from 1 December 2017 onwards. 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. Mr. C.H. LEUNG is also an independent non-executive director of REF Holdings (stock code: 8177). 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.

Senior Management's Profile

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

Mr. Y.C. LEE, aged 58, the Head of Internal Audit and Head of IT of the Company, has over 28 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 as Head of IT of the Company, he is familiar with the operation of the Company and he took up the position of Head of Internal Audit in June 2016.

Mr. Po Eric ("Mr. Po")

Mr. Po, aged 49, is currently the Company Secretary and Financial Controller of the Company. Mr. Po has over 15 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. Mr. PO joined our Group in November 2014.

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 2018, 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.

The Company has not arranged insurance cover in respect of legal action against its directors as the Board considers that the Board adopts prudent management policy. The needs for insurance policy will be reviewed from time to time.

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 dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31 March 2018. 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 2018.

The Board

The composition of the Board during the year ended 31 March 2018 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 2018, the Board held four physical meetings and the attendance of the Directors are as follows:

Name of directors	Number of attendance	% of attendance
Executive Directors		
Ms. LO Yuk Yee	4/4	100%
Mr. CHOW Wing Chau	4/4	100%
Mr. YIU Wing Hei	4/4	100%
Independent non-executive Directors		
Mr. WONG Wai Kin	4/4	100%
Mr. SIU Siu Ling, Robert	4/4	100%
Mr. LEUNG Chi Hung	4/4	100%

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

The Board is responsible for the overall management of the Company in accordance with the 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 2018, 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 2018 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 2018, 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 consolidated financial statements of the Group for the year ended 31 March 2018 have been reviewed by the Audit Committee.

The consolidated financial statements for the year ended 31 March 2018 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 2018, 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 2018 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 2018, 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.

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 2018 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 2018, 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 2018 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%

Directors' Training and Professional Development

Every Director keeps abreast of responsibilities as a Director of the Company and of the conduct business activities and development of the Company. Every newly appointed Director is provided with an induction on the first occasion of his/her appointment to ensure that he/she has adequate understanding of the businesses and operations of the Group. The Directors are also kept informed on a timely basis of their responsibilities and obligations under the Listing Rules, as well as other relevant statutory or regulatory requirements. The Company also encourages its Directors to participate in other continuous professional development programmes for directors. All Directors are committed to comply with the CG Code on Directors' training for the year ended 31 March 2018.

During the year, the Company has provided the regulatory updates for the Directors prepared by Minter Ellison to develop and refresh their knowledge and professional skills through reading materials.

The company secretary of the Company (the "Company Secretary") maintains records of training attended by the Directors. The Directors participated in continuous professional development by reading materials on the following topics to develop and refresh their knowledge and skills during the year ended 31 March 2018:

Directors	Corporate Regulation Newsletters	FAQ on GEM Listing Rules
Executive Directors		
Ms. LO Yuk Yee	√	√
Mr. CHOW Wing Chau	√	√
Mr. YIU Wing Hei	√	√
Independent Non-Executive Directors		
Mr. SIU Siu Ling, Robert	√	√
Mr. WONG Wai Kin	√	√
Mr. LEUNG Chi Hung	√	√

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 2018, the auditors of the Company received approximately HK$595,000 for audit service and Nil for non-audit services.

Directors' Responsibility for the Consolidated Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 March 2018.

Company Secretary

Mr. PO Eric ("Mr. PO") was appointed as the company secretary of the Company on 9 February 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.

Risk Management and Internal Control

The Board is responsible for evaluating and determining the nature and extent of the risks and it is willing to take in achieving the Group's strategic objectives and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems and reviewing their effectiveness. The Board is also responsible for overseeing the design, implementation and monitoring of the risk management and internal control systems. The risk management and internal control systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operating systems or in achievement of the Group's business objectives.

The Board, through the Audit Committee, conducts a review of the effectiveness of the Group's risk management and internal control systems. It covers all material controls, including financial, operational and compliance controls, on an annual basis. It also considers the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting and financial reporting function.

Under the enterprise risk management framework, policies and procedures are in place to identify, assess, manage, control and report risks. Such risks include strategic, credit, operational (administrative, system, human resources, reputation), market, liquidity, legal and regulatory risks. Exposure to these risks is continuously monitored by the Board through the Audit Committee.

The internal control system includes a defined management structure with specified limits of authority. The Board has clearly defined the authorities and key responsibilities of each division to ensure adequate checks and balances. The internal control system has been designed to safeguard the Group's assets against authorized use of disposition, to ensure the maintenance of proper accounting records for producing reliable financial information, and to ensure compliance with applicable laws, regulations and industry standard.

To assist the Board in its monitoring control function, an internal audit department ("Internal Audit") was set up in June 2016 to provide an independent appraisal and assurance of its internal governance process, effectiveness of the risk management framework, methodology, together with the control activities in the Group's business operations.

To ensure the independence of the Internal Audit the Head of Internal Audit reports directly to the Audit Committee on audit matters.

Internal Audit performs its independent reviews of different financial, business and functional operations and activities using a risk based approach to focus on areas of major risks as identified by a comprehensive risk analysis. Division or department heads and the management concerned will be notified of all control deficiencies for rectification within a set time frame.

During the year under review, the Board has reviewed the effectiveness of the internal control system of the Group and there were no major issue identified by the Audit Committee and Internal Audit. The Board is of the view that the enterprise risk management and internal control systems in place for the year and up to the date of issuance of the annual report is effective and adequate.

Shareholders' Rights

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

Shareholders may send written enquiries to the Company for putting forward any enquiries or proposals to the Board directly to its principal place of business in Hong Kong by post or email to ir@finet.com.hk. 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) and the Company (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 (ir.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 present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2018.

Principal Activities

The Company is an investment holding company. The principal activities and other particulars of its subsidiaries are set out to Note 19 to the consolidated financial statements.

Business Review

The business review of the Group for the year ended 31 March 2018 is set out in the section headed Management Discussion and Analysis on pages 9 to 21 of this annual report.

Principal Properties

Please refer to Note 16 of the consolidated financial statements for principal properties of the Group.

Properties Include

No	Property
1	Investment Property 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
2	Commercial Property occupied by the Group as office Unit C, 11/F, Bank of East Asia Harbour View Center, Hong Kong

Principal Risks and Uncertainties facing by the Group

FinTV is facing fierce competition from traditional TV and other internet TV, there are so many platforms providing different kinds of program from all over the world.

In order to deal with this challenge, FinTV will improve our mobile apps so that we can attract more audience to view our program.

FinTV also realize the quality of financial news is critical to our success. Therefore, we continue to recruit experienced news writer and anchor to join our Group.

Our financial services business, brokerage business and fund management business will be adversely affected by the downturn of the financial market. The performance of financial market can be influenced by different economic and political factors. Besides, the coming of financial crisis is difficult to predict. All the factors mentioned above will create risks and uncertainties for our financial services business, brokerage business and fund management business. The Company will strengthen the risk management by recruiting the right candidate or consulting the risk management expert.

Compliance with the relevant laws and Regulations

During the year, as far as the Board is aware, the Group has complied with the relevant laws and regulations, except for the following deviations:

(a) Discloseable transactions: The subscriptions and the disposal of listed securities

On 20 July 2016, the Group, through its directly wholly-owned subsidiary, subscribed a total of 8,000,000 Prosper Construction Shares through placing, which represented approximately 1.0% of the total issued share capital of Prosper Construction, for an aggregate consideration of HK$8,000,000 (excluding the transaction costs), at HK$1 per Prosper Construction Share.

For the period from 20 July 2016 to 25 July 2016, the Group, through its directly wholly-owned subsidiary, disposed all of the 8,000,000 Prosper Construction Shares at an aggregate consideration of approximately HK$8,299,000 (excluding the transaction costs), which represented approximately HK$1.04 per Prosper Construction Share.

On 20 March 2017, the Group, through its directly wholly-owned subsidiary, subscribed a total of 20,000,000 Daisho Shares through placing, which represented approximately 3.47% of the total issued share capital of Daisho after its placing was completed, for an aggregate consideration of HK$10,000,000 (excluding the transaction costs), at HK$0.5 per Daisho Share.

As the applicable percentage ratios in respect of the transactions contemplated under the Subscriptions and the disposal of the Prosper Construction Shares separately exceed 5% but are less than 25% and therefore constitute discloseable transactions under Chapter 19 of the GEM Listing Rules, the Subscriptions and the disposal of the Prosper Construction Shares are subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

Due to the misunderstanding of which the Subscriptions and the disposal of the Prosper Construction Shares were conducted in the ordinary and usual course of business of the Group under the GEM Listing Rules, the Subscriptions and the disposal of the Prosper Construction Shares were not treated as discloseable transactions under the GEM Listing Rules and thereby led to failure to notify the Stock Exchange and make proper announcement(s) in relation to the Subscriptions and the disposal of the Prosper Construction Shares as required under Chapter 19 of the GEM Listing Rules, which constitutes non-compliance with Rule 19.34 of the GEM Listing Rules.

In order to fulfil the Company's disclosure obligation under the GEM Listing Rules and prevent the reoccurrence of similar incidents in the future, the Board has recommended the Company to implement reporting and monitoring procedures for any securities dealing which may constitute notifiable transactions, connected transactions and/or other transactions required to be disclosed under the GEM Listing Rules. The Board has suggested all members of the transaction team to report to the finance department upon execution of such transactions by the Company. The finance department will then notify the Board and arrange proper and timely disclosure as required under the GEM Listing Rules.

Please refer to our announcement dated 21 August 2017 for details.

(b) Connected transactions in relation to provision of financial assistance to a connected person

Finet Finance Limited, a wholly-owned subsidiary of the company, had on 23 October 2017 and 2 February 2018 entered into the First Loan Agreement and the Second Loan Agreement, respectively, with the Borrower who is a connected person of the Company at the subsidiary level, pursuant to which the Group advanced the principal amounts of HK$5 million and HK$1 million on 23 October 2017 and 2 February 2018 respectively to the Borrower.

The Borrower is a director of Source Mega, a wholly-subsidiary of the Company, and was a director of Pink Angel, a wholly-subsidiary of the Company which had been disposed by the Group on 11 July 2017. Thus, the Borrower is a connected person of the Company pursuant to Chapter 20 of the GEM Listing Rules and accordingly, the entering into of the Loan Agreements and the advancement of the Loans by the Group constituted connected transactions of the Company.

Since the higher of the applicable percentage ratios as prescribed in Rule 19.07 of the GEM Listing Rules in respect of the aggregate principal amount of the Loans exceed 1% but is below 5%, the entering into of the Loan Agreements and the advancement of the Loans by the Group are therefore exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. However, there was a delay in publishing of announcement.

Please refer to our announcement dated 20 June 2018 for details.

The Group will seek for professional legal opinion from its external legal advisors when necessary to ensure that the Group's transactions and business are in conformity with all applicable laws and regulations.

Auditors' letter on Disclosed Continuing Connected Transactions

Please refer to the Connected Transactions and Continuing Connected Transactions in the Report of Directors.

The Group's relationships with its employees, customers, and suppliers

The Company maintains good relationships with its employees, customers and suppliers.

The Directors recognize that employees, customers and suppliers are the keys of sustainable development of the Group. The Group strives to motivate its employees with a clear career path and opportunities for advancement and improvement of skills. The Group also stays connected with its customers and suppliers and has ongoing communication with them to obtain their feedback and suggestions.

Results and Appropriations

Details of the Group's results for the year ended 31 March 2018 are set out in the consolidated income statements on page 53.

The Board does not recommend the payment of dividend for the year ended 31 March 2018 (2017: 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.

Distribution Reserves

The Company had reserves of approximately HK$84,581,000 (2017: HK$53,121,000) available for dividend distribution to shareholders as at 31 March 2018.

Share Capital

Details of movements in share capital of the Company are set out in Note 31 to the accompanying consolidated 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 2018.

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 19 to the accompanying consolidated financial statements.

Borrowing and Interest Capitalized

Particulars of borrowing of the Group as at 31 March 2018 are set out in Note 28 to the accompanying consolidated financial statements. No interest was capitalized by the Group during the year (2017: Nil).

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.

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.

Permitted Indemnity Provision

Pursuant to the Articles, the Directors and other officers, for the time being acting in relation to the affairs of the Company, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty.

Directors

The Directors who held office during the year ended 31 March 2018 were:

Executive Directors
Ms. LO Yuk Yee
Mr. CHOW Wing Chau
Mr. YIU Wing Hei
Mr. LI Hong (appointed on 30 September 2016 and resigned on 8 May 2017)

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 13 and Note 14 to the accompanying consolidated 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 2018, 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/ associated corporations	Number of shares and capacity in which the shares were held		Number of underlying shares and capacity in which the 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 Directors:							
Ms. LO Yuk Yee ("Ms. LO")	The Company	43,458,058 (L)	391,597,678 (L)	—	—	—	65.27%
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%

(L) denotes long positions

Notes:

1. 343,997,678 ordinary shares of HK$0.01 each were held by Maxx Capital International Limited ("Maxx Capital") which was wholly-owned by Pablos International Limited ("Pablos"), and Pablos was wholly owned by Ms. LO Yuk Yee, ("Ms. LO"). Accordingly, Ms. LO were deemed by virtue of the SFO to be interested in 435,055,736 ordinary shares of HK$0.01 each.

2. As at 31 March 2018, the Company had 666,538,774 ordinary shares of HK$0.01 each in issue.

Save as disclosed above, as at 31 March 2018, 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 2018, 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:

Long Positions in the Shares

Long Positions in the Shares and Underlying Shares of the Company

Name of Shareholders	Capacity	Number of Shares held	Number of Underlying Shares held	Total Number of Shares	Approximate percentage of existing shareholding *(Note 2)*
Substantial shareholders					
Ms. LO *(Note 1)*	Beneficial Owner	43,458,058 (L)	—	435,055,736 (L)	65.27%
	Interest of Controlled Corporation	391,597,678 (L)			
Pablos *(Note 1)*	Interest of Controlled Corporation	343,997,678 (L)	—	343,997,678 (L)	51.61%
Maxx Capital *(Note 1)*	Beneficial Owner	343,997,678 (L)	—	343,997,678 (L)	51.61%
Broadgain International Limited	Beneficial Owner	43,800,000 (L)	—	43,800,000 (L)	6.57%
Wang Yuan	Beneficial Owner	39,000,000 (L)	—	39,000,000 (L)	5.85%

(L) denotes long positions

Notes:

1. 343,997,678 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, a director of the Company. Ms. LO is a director of each of Maxx Capital and Pablos.

2. As at 31 March 2018, the Company had 666,538,774 ordinary Shares held 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 2018, 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.

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 2018 are as follows:

Name of grantee	Date of grant	Exercise price	Balance as at 1 April 2017	Number of share options Granted during the year	Number of share options Cancelled during the year	Balance as at 31 March 2018
Executive Director:						
Mr. CHOW	3 January 2014 *(Note 1)*	HK$0.50	500,000	—	(500,000)	—
Employee	3 January 2014 *(Note 1)*	HK$0.50	1,000,000	—	(1,000,000)	—
Total			1,500,000	—	(1,500,000)	—

Note:

1. 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.

		As at 31 March 2018	As at 31 March 2017
Vesting period:	6 months after 3 January 2014:	Cancelled	50%
	12 months after 3 January 2014:	Cancelled	50%

Outstanding Unlisted Warrants

As at 31 March 2018, the Company did not have any outstanding warrants.

Convertible bonds

The Company entered into subscription agreement with the subscriber namely Maxx Capital International Limited ("Maxx Capital"), beneficially owned by Ms. LO, the Chairman and the director of the Company, pursuant to which the Maxx Capital has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the convertible bonds with an aggregate principle amount of HK$69,696,000 on 25 July 2015. As at 13 July 2017, the first batch of convertible bonds has been early redempted. As at 14 December 2017, the second to fourth batch of convertible bonds have been converted into ordinary shares.

Directors' Interests in Arrangement, Transaction or Contracts of Significance

Save as disclosed in this annual report, there was no arrangements, transaction or 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 interests, whether directly or indirectly, subsisted at the end of the year 2018 or at any time during the year (2017: 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 2018. 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 2018.

Audit Committee

The audited consolidated financial statements of the Group for the year ended 31 March 2018 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 2018.

Customers and Suppliers

For the year ended 31 March 2018, the five largest customers accounted for approximately 53% (2017: 60%) of the Group's total turnover and the five largest suppliers of the Group accounted for approximately 55% (2017: 47%) of the Group's total cost of sales. The largest customer of the Group accounted for approximately 13% (2017: 18%) of the Group's total turnover while the largest supplier of the Group accounted for approximately 19% (2017: 14%) 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.

Connected Transactions and Continuing Connected Transactions

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

	2018 **HK$'000**	2017 HK$'000
Income from sharing of administrative expenses received from International Links Limited *(Note i)*	**1,689**	—
Income from sharing of administrative expenses received from Maxx Capital Finance Limited *(Note i)*	**1,675**	—
Management fee paid to Maxx Capital Finance Limited *(Note i)*	**—**	150
Referral fee in relation to the money lending business paid to Maxx Capital Finance Limited *(Note i)*	**—**	120
Rental expenses paid to Avaya Lane Limited *(Note i)*	**—**	360
Rental expenses paid to Cyber Feel Limited *(Note i)*	**3,643**	3,686
Rental expenses paid to Great Heep International Investment Limited *(Note i)*	**232**	—
Rental expenses paid to Maxon Management Limited *(Note ii)*	**596**	326
Loan interest income from the Group's subsidiary director *(Note iii)*	**284**	—
Referral commission income from a director *(Note iv)*	**—**	80

Notes:

(i) Maxx Capital Finance Limited, Avaya Lane Limited, Great Heep International Investment Limited, Cyber Feel Limited and International Links Limited are beneficially owned by Ms. LO, the chairman and the executive director of the Company.

(ii) Maxon Management Limited was beneficially owned by Ms. LO, the chairman and the executive director of the Company before 24 August 2017. The acquisition of Maxon Management Limited was completed on 24 August 2017 and Maxon Management Limited became an indirectly wholly-owned subsidiary of the Company.

(iii) Finet Finance Limited, a wholly-owned subsidiary of the Company entering into loan agreements with the Borrower, Ms. Chan Kwai Yuet, the Group's subsidiary director, constituted the connected transaction with the Group.

(iv) The referral commission income is from Ms. LO, the chairman and the executive 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.

Connected Transaction and Continuing Connected Transactions

(a) Tenancy agreement with Cyber Feel Limited

On 27 September 2017, the Company announced that Finet Holdings Limited, an indirect wholly-owned subsidiary of the Company (as tenant) entered into a tenancy agreement (the "Transaction 1") 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 18 October 2017 at a monthly rental (excluding rates, management fees, air-conditioning charges and other outgoings) of HK$330,200 with an option granted to the Group to renew the lease term for a further 2 years. The Transaction 1 constitutes a continuing connected transaction for the Group and is subject to reporting, announcement, annual review and independent shareholders' approval requirements under the GEM Listing Rules.

(b) Tenancy agreement with Maxon Management Limited

On 12 January 2017, the Company announced that the Group (as tenant) entered into a tenancy agreement (the "Transaction 2") with Maxon Management 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 12 January 2017 at a monthly rental (excluding rates, management fees, air-conditioning charges and other outgoings) of HK$124,800 with an option granted to the Group to renew the lease term for a further 2 years.

The Transaction 2 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. The Transaction 2 was no longer a continuing connected transaction for the Group after 24 August 2017, which was the date of completion of the acquisition of Maxon Management Limited by the Group.

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 consolidated financial statements for the years ended 31 March 2018, 2017 and 2016 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, 21 June 2018

Environmental, Social and Governance Report

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ABOUT THIS REPORT

We are pleased to present this report pursuant to the disclosure requirements of the Environmental, Social and Governance Reporting Guide set out in Appendix 20 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited to disclose the Company's and its subsidiaries' (collectively, the "Group") performance in environmental, social and governance aspects during the period from 1 April 2017 to 31 March 2018 (the "Year"). Policies, statements and information set forth in this report cover the Company's headquarter and the subsidiaries under its effective control. The Board considers that a sound environment, a harmonious society and good governance are of utmost importance to the sustainable development of both the Group's business and the community in which we operate. Therefore, the Group is committed not only to enhancing its financial performance but also to implementing various policies and measures to increase its efforts in environmental protection, fulfill its social responsibilities and enhance its governance.

A. ENVIRONMENTAL PROTECTION

The Group upholds its commitment to sustainable development and complies with relevant laws and regulations on environmental protection. We encourage our employees to focus on and enhance their awareness of environmental protection. We strive to reduce the impacts of our operation on the environment and adhere to the principles of green operation and green office. In order to implement these measures, the Group has adhered to the 4R Principles of waste reduction, i.e. Reduce, Reuse, Recycle and Replace.

A.1 Emissions

The Group is principally engaged in (i) Media Business; (ii) Property Investment Business; (iii) Money Lending Business; (iv) Financial Information Service Business; and (v) Securities and Futures Business. Based on the aforesaid, the Group's operations is not expected to have a significant impact on the environment arising from its operating activities and will not generate hazardous pollutants.

In order to minimize hazardous emissions, the Group encourages its employees to:

1. Take public transport instead of driving during travels, whenever possible, to reduce vehicle exhaust emissions;

2. Use telephone or video conferencing to replace business trips as far as feasible to reduce carbon emissions;

3. Take the eco-friendly modes of transportation that have low levels of pollution, such as railway lines, trams, LPG minibuses, etc.; and

4. Use environmentally-friendly cleaning agents to reduce water pollution.

The Group is not aware of any circumstances arising from its business operations leading to significant air pollution, water pollution and land pollution and generation of hazardous waste during the Year.

A.2 Use of Resources, the Environment and Natural Resources

The resources used by the Group for its operations are mainly electricity, water and paper. In order to uphold its commitment to sustainable development, the Group's employees have kept the use of resources to a minimum through various green practices.

Electricity Consumption:

1. Use of energy-efficient lights and electrical appliances in office workplace.

2. Staff are encouraged to dress in smart casual and indoor temperature is maintained at around 25.5℃ in the summer time.

3. Turn off some lights and air conditioning during lunch hours and non-office hours.

4. Enable the "Standby" or "Sleep" mode of personal computers.

Water Consumption:

Reminders on water conservation are posted in pantry.

Paper Consumption:

1. Use of environmentally friendly paper.

2. Use of email instead of the paper-based approval process to reduce the use of paper.

3. Practice of double-sided printing or copying.

4. Publish notice or brochure in electronic version and upload the files to the Group's intranet or made publicly available online.

In addition, the Group also reduces the use of resources through environmentally-friendly procurement (procurement of environmentally friendly furniture, eco-friendly toner, green stationery, etc.) and adopts simple decoration approach for office premises.

During the Year, the yearly electricity consumption in our rented office premises were about 110,355 kWh (2017: 95,364 kWh) whereas the yearly electricity consumption for our studio in Admiralty were 27,830 kWh (2017: 26,550 kWh) with yearly water consumption of about 163,660 liters (2017: 117,001 liters) liters and yearly A4 paper usage of about 199,000 sheets (2017: 130,000 sheets).

B. SOCIAL RESPONSIBILITIES

B.1 Employment and Labor Practices

"The human resource — the whole man — is, of all resources entrusted to man, the most productive, the most versatile, the most resourceful," said Peter F. Drucker, revered as the father of modern management. The Group is confident that maintaining a strong relationship with our employees is one of the keys to success in business. In order to protect the rights and interests of our employees, the Group has formulated the Employee Handbook in accordance with the Employment Ordinance of the Hong Kong Special Administrative Region, the Labor Law of the People's Republic of China, and other relevant laws and regulations.

1.1. Remuneration, Benefits and Attendance

(1) Remuneration

Remuneration and salaries are determined by the Group based on the qualifications, work experience, competence, roles and responsibilities of new employees, and taking into account of the market compensation level of the industry and our internal salary standard to ensure that remuneration and salaries so determined are fair internally and are competitive in the market. Our remuneration package comprises of one or more of the following components: wages, bonuses, commission and benefits. The Company wishes to attract and retain talent, provide incentives for our employees to improve their performance and reward outstanding employees through its remuneration system. All employees are entitled to paid holidays such as national statutory holidays, annual leave, compassionate leave, marriage leave, maternity leave and sick leave.

(2) Benefits

The Group has made required contributions to social insurance fund and housing provident fund for employees in the People's Republic of China and made contributions to mandatory provident fund and took out employees' compensation insurance policies and medical insurance policies for employees in Hong Kong. Employees who pass the probation will receive medical insurance.

(3) Attendance

The Group has implemented the standard working hours according to state regulations. The working hours are 9:00 a.m. to 13:00 p.m. and 14:00 p.m. to 19:00 p.m. with one hour lunchbreak, five working days a week, from Monday to Friday, while Saturday and Sunday are rest days. The Group has the right to re-arrange the work schedule and working days in accordance with its operation requirements; employees should obtain prior approval before taking leave. The Group, in principle, does not encourage our employees to work overtime unless it is necessary. Employees are, in principle, entitled to compensation leave for their overtime work.

Employees are entitled to basic leave. The kinds of leave include public holidays, statutory holidays, annual leave, sick leave and medical leave, marriage leave, and compassionate leave. Employees are required to apply and obtain approval in advance before taking leave.

1.2. Recruitment, Promotion and Dismissal

(1) Recruitment and Promotion

The recruitment and hiring procedures of the Group embody the principle of "meritocracy, open recruitment and hiring solely on merit". Employees would be rewarded with corresponding adjustment in their remuneration package according to their positions for their outstanding performance during the term of office and significant contributions made to the Group.

(2) Dismissal

Regarding resignation for personal reasons, 30 to 60 days' prior written notice from the employees is required depending on different positions. Employees who are deemed to be incompetent for their positions based on relevant reasons would be dismissed by 30 to 60 days' prior written notice from the Group, depending on different positions.

1.3. Equal Opportunities and Anti-Discrimination

The Group is an equal opportunity employer. Our recruitment, employment and human resources management practices, such as promotion, rewards and training opportunities, will under no circumstances be influenced or affected by an applicant's or employee's ethnicity, color, age, gender, sexual orientation, race, disability, pregnancy, religion, political ideology, members of the community or marital status.

Monthly remuneration and contributions to social insurance fund, provident fund and mandatory provident fund for the current year were duly paid within the prescribed period.

The Group is not aware of any serious breach of relevant laws and regulations in relation to employment and labour practices (including Employment Ordinance of the Hong Kong Special Administrative Region, Labor Law of the People's Republic of China, and other relevant laws and regulations) during the Year.

B.2 Health and Safety

During the Year, the Group had complied with the Employment Ordinance of the Hong Kong Special Administrative Region, Labor Law of the People's Republic of China, the Law on Protection of Labor Rights and other applicable laws and regulations. In addition to minimizing work-related incidents and diseases, we also focus on providing employees with a safe and healthy working environment. This would in turn contribute to the improvement of the quality of products and services, ensuring smooth operation, and enhancing workforce stability and employee morale. In addition, the Group believes that ongoing staff involvement and continuing education are the keys to identifying and addressing health and safety issues in workplace.

B.3 Development and Training

The Group provides a comprehensive on job training covering topics such as management skills, professional skills, technical knowledge, latest news and information about corporate culture. Through a series of training covering various topics, our staff's understanding towards the Group's business, management structure and corporate culture would be gradually enhanced. Employees are encouraged to fully develop their potential and strengths.

B.4 Labor Standards

During the Year, the Group had complied with the provisions of the Employment Ordinance of the Hong Kong Special Administrative Region. the Labor Law of the People's Republic of China. Child labor and forced labor are strictly prohibited. New employees are required to present valid identification documents to the Group for legal working age compliance checks before the commencement of their employment period. All employees of the Group comply with the standard working hour rules stipulated by the Hong Kong Special Administrative Region and PRC government. Overtime work is not encouraged unless in special circumstances.

B.5 Supply Chain Management

The Group adopts a prudent approach in selecting suppliers, including meeting with potential suppliers to understand their products and business operations. We would conduct background checks before appointing a supplier and ensure the supplier is duly registered and has obtained relevant license or permits with relevant authorities in accordance with applicable laws and regulations.

B.6 Product Responsibility

The Group is committed to providing our customers with quality products and services. To improve quality, we have experienced sales teams, IT teams and News teams and investor relationship team. We will review complaints on a regular basis and strive to improve our products and services to avoid similar incidents in the future. Understanding customers' need is the key to provide the best possible customer experience. We appreciate customer comments and suggestions and have various communication channels in place such as telephone, and email.

B.7 Intellectual Property Rights and Customer Privacy

The Group respects all forms of intellectual property rights and designs of advertising, commercial advertising, products, services, names and trademarks. At the same time, the Group values the importance of protecting the privacy of our customers. When entering into agreements or contracts with customers, the Company will also enter into confidentiality agreements with customers to avoid disclosing customer's information and protecting the privacy of customers. To prevent leakage of customers' data, the Group will further improve and strengthen its measures of protecting customer privacy.

During the Year, the Group did not receive any complaints arising from infringement of intellectual property rights and leakage of customers' data.

B.8 Anti-corruption, Bribery, Extortion, Fraud and Money Laundering

In the course of its operation, the Group strictly abided by the Criminal Law of the Hong Kong Special Administrative Region and People's Republic of China, and other relevant laws and regulations in relation to anti-corruption, bribery, extortion, fraud and money laundering.

Employees can report illegal behaviors and irregularities by sending letters to:

1. members of the audit committee of the Company; or

2. the chairman of the board of directors of the Company.

The Group is not aware of any material breaches of laws and regulations in relation to bribery, extortion, fraud and money laundering that has significant impacts on the Group during the Year.

B.9 Community Investment

To promote social development and harmony, the Group encourages our employees to actively participate in community events and charity campaigns and contribute to social philanthropy projects through volunteering or charitable donations.

Independent Auditors' Report

HLB 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)

Opinion

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 53 to 128, which comprise the consolidated statement of financial position as at 31 March 2018, and 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis For Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment of accounts receivable and other receivables	
Impairment of accounts receivable and other receivables. Refer to Notes 21 and 22 to the consolidated financial statements. We identified the impairment of accounts receivable and other receivables as a key audit matter due to the use of judgment and estimates in assessing the recoverability of accounts receivable and other receivables. In determining the allowance for accounts receivable and other receivables, the management considers the credit history including default or delay in payments, settlement records, subsequent settlements and aging analysis of the accounts receivable and other receivables.	Our procedures in relation to impairment of accounts receivable and other receivables mainly included: • Obtaining an understanding on how allowance for doubtful debts is estimated by the management and testing the aging analysis of the receivables to the source documents; • Reviewing the aging analysis of the receivables throughout the year to understand the settlement patterns by the customers; and • Assessing the reasonableness of the management's estimations on recoverability of receivables with reference to the credit history including default or delay in payments, settlement records, subsequent settlements and aging analysis.
Valuation of investment properties	
We have identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements, as a whole, combined with the significant judgments associated with determining the fair value. As disclosed in Note 16 to the consolidated financial statements, the Group's investment properties amounted to approximately HK$32,500,000. During the year, an increase in fair value of investment properties amounted to approximately HK$1,700,000.	Our procedures in relation to assessing the appropriateness of the valuation of investment properties included: • Evaluating the competence, capabilities, and objectivity of the independent professionally qualified valuer; • Understanding the independent professionally qualified valuer's valuation process and methodology, the performance of the property markets, significant assumptions adopted, critical judgmental areas and key inputs used in the valuations; • Engaging our valuation specialists evaluating the reasonableness of the methodology and assumptions to industry norms; assessing the reasonableness of key inputs used in the valuations by (i) checking the details of rentals on a sample basis to the respective underlying existing tenancy agreements; (ii) comparing to relevant market information on prices, rentals achieved and capitalization rates adopted in other similar properties in the neighborhood; and • Performing analysis on the key inputs to evaluate the results on the valuations.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. This report is made 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Chan Ching Pang.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Chan Ching Pang
Practising Certificate Number: P05746

Hong Kong, 21 June 2018

Consolidated Income Statement

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Revenue	5	18,774	10,766
Cost of sales		(2,726)	(3,066)
Gross profit		16,048	7,700
Other income and other losses	6	4,123	22,437
Selling and marketing expenses		(137)	(145)
General and administrative expenses		(46,523)	(53,780)
Finance costs	8	(7,035)	(9,639)
Loss before income tax	9	(33,524)	(33,427)
Income tax (expense)/credit	10	(3,344)	1,280
Loss for the year		(36,868)	(32,147)
Loss attributable to:			
— Owners of the Company		(35,814)	(29,122)
— Non-controlling interests		(1,054)	(3,025)
		(36,868)	(32,147)
Loss per share for loss attributable to owners of the Company during the year			
— Basic and diluted *(HK dollar per share)*	11	(0.06)	(0.06)

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
Loss for the year	**(36,868)**	(32,147)
Other comprehensive income/(expense) for the year, net of tax:		
Items that may be reclassified to profit or loss		
Currency translation differences	**1,856**	(1,863)
Total comprehensive expense for the year	**(35,012)**	(34,010)
Total comprehensive expense for the year, attributable to:		
— Owners of the Company	**(33,958)**	(30,985)
— Non-controlling interests	**(1,054)**	(3,025)
	(35,012)	(34,010)

Consolidated Statement of Financial Position

As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment	15	58,561	6,680
Investment properties	16	32,500	98,800
Intangible assets	17	950	950
Statutory deposits and other assets	18	656	656
		92,667	107,086
Current assets			
Accounts receivable	21	14,329	18,072
Prepayment, deposits and other receivables	22	10,335	13,027
Financial assets at fair value through profit or loss	23	5,813	10,400
Amounts due from related companies	24	2,186	—
Client trust bank balances		126	129
Cash and cash equivalents	25	20,331	57,016
		53,120	98,644
Total assets		145,787	205,730
Current liabilities			
Accounts payable	26	2,036	1,668
Accruals and other payables	27	11,216	14,173
Deferred income		693	480
Amount due to a related company	24	—	881
Borrowing — due within one year	28	16,846	26,667
Tax payables		257	—
		31,048	43,869
Net current assets		22,072	54,775
Total assets less current liabilities		114,739	161,861
Non-current liabilities			
Convertible bonds	29	—	62,858
Deferred tax liabilities	30	11,287	11,125
		11,287	73,983
Net assets		103,452	87,878

Consolidated Statement of Financial Position

As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	31	6,665	5,290
Reserves		106,064	90,811
		112,729	96,101
Non-controlling interests		(9,277)	(8,223)
Total equity		103,452	87,878

LO Yuk Yee
Director

CHOW Wing Chau
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2018

	Attributable to owners of the Company												
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Employee compensation reserve HK$'000	Other reserve HK$'000	Convertible bonds equity component HK$'000	Translation reserve HK$'000	Property revaluation reserve HK$'000	Warrants reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 April 2016	4,654	233,644	4,870	393	1,776	3,490	281	9,989	1,271	(168,651)	91,717	(5,198)	86,519
Loss for the year	—	—	—	—	—	—	—	—	—	(29,122)	(29,122)	(3,025)	(32,147)
Other comprehensive expense													
Currency translation differences	—	—	—	—	—	—	(1,863)	—	—	—	(1,863)	—	(1,863)
Total other comprehensive expense	—	—	—	—	—	—	(1,863)	—	—	—	(1,863)	—	(1,863)
Total comprehensive expense	—	—	—	—	—	—	(1,863)	—	—	(29,122)	(30,985)	(3,025)	(34,010)
Transactions with owners													
Issue of shares upon exercise of unlisted warrants	636	26,187	—	—	—	—	—	—	(1,271)	—	25,552	—	25,552
Issue of convertible bonds	—	—	—	—	—	11,757	—	—	—	—	11,757	—	11,757
Deferred tax liabilities on recognition of equity components of convertible bonds	—	—	—	—	—	(1,940)	—	—	—	—	(1,940)	—	(1,940)
Total transactions with owners	636	26,187	—	—	—	9,817	—	—	(1,271)	—	35,369	—	35,369
Balance at 31 March 2017 and 1 April 2017	5,290	259,831	4,870	393	1,776	13,307	(1,582)	9,989	—	(197,773)	96,101	(8,223)	87,878
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(35,814)**	**(35,814)**	**(1,054)**	**(36,868)**
Other comprehensive income													
Currency translation differences	**–**	**–**	**–**	**–**	**–**	**–**	**1,856**	**–**	**–**	**–**	**1,856**	**–**	**1,856**
Total other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**1,856**	**–**	**–**	**–**	**1,856**	**–**	**1,856**
Total comprehensive expense	**–**	**–**	**–**	**–**	**–**	**–**	**1,856**	**–**	**–**	**(35,814)**	**(33,958)**	**(1,054)**	**(35,012)**
Transactions with owners													
Early redemption of convertible bonds	**–**	**–**	**–**	**–**	**–**	**(4,179)**	**–**	**–**	**–**	**3,336**	**(843)**	**–**	**(843)**
Conversion of convertible bonds	**1,375**	**60,264**	**–**	**–**	**–**	**(11,757)**	**–**	**–**	**–**	**–**	**49,882**	**–**	**49,882**
Share options cancelled during the year	**–**	**–**	**–**	**(393)**	**–**	**–**	**–**	**–**	**–**	**–**	**(393)**	**–**	**(393)**
Release of deferred tax liabilities on recognition of equity components of convertible bonds	**–**	**–**	**–**	**–**	**–**	**2,629**	**–**	**–**	**–**	**(689)**	**1,940**	**–**	**1,940**
Total transactions with owners	**1,375**	**60,264**	**–**	**(393)**	**–**	**(13,307)**	**–**	**–**	**–**	**2,647**	**50,586**	**–**	**50,586**
Balance at 31 March 2018	**6,665**	**320,095**	**4,870**	**–**	**1,776**	**–**	**274**	**9,989**	**–**	**(230,940)**	**112,729**	**(9,277)**	**103,452**

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 GEM of The Stock Exchange of Hong Kong Limited.

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Cash flows from operating activities			
Loss before income tax		(33,524)	(33,427)
Adjustments for:			
— Depreciation of property, plant and equipment		3,326	2,608
— Loss on disposal of property, plant and equipment		125	—
— Fair value gain on investment properties		(1,700)	(9,700)
— Fair value change on financial assets at fair value through profit or loss		612	(699)
— Loss/(gain) on disposal of subsidiaries		499	(8,144)
— Loss on early redemption of convertible bonds		32	—
— Interest income from bank deposits		(6)	(6)
— Equity settled share-based payments		(393)	—
— Finance costs		7,035	9,639
— Reversal of provision for impairment loss of loans receivables		(2,802)	—
— Provision for impairment loss of trade receivables		72	—
— Provision for impairment loss of loans receivables		—	613
— Provision for impairment loss of other receivables		—	8,779
— Impairment loss of available-for-sale financial assets		—	109
Changes in working capital:			
— Accounts receivable		6,461	(8,331)
— Prepayment, deposits and other receivables		3,425	(15,216)
— Financial assets at fair value through profit or loss		3,975	(9,701)
— Amount due from/to a related company		(3,824)	(1,811)
— Accounts payable		369	(2,723)
— Accruals and other payables		(3,701)	10,262
— Deferred income		296	134
— Client trust bank balances		3	791
Cash used in operations		(19,720)	(56,823)
Income tax paid		(145)	(143)
Net cash used in operating activities		(19,865)	(56,966)

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Cash flows from investing activities			
Acquisition of assets through acquisition of a subsidiary (net of cash and cash equivalents acquired)	32	(36,063)	—
Purchase of property, plant and equipment	15	(1,684)	(3,563)
Interest received from bank deposits		6	6
Disposal of subsidiaries, net of cash disposed of	33	67,430	191
Proceeds from disposal of property, plant and equipment		248	—
Net cash generated from/(used in) investing activities		29,937	(3,366)
Cash flows from financing activities			
Interest paid		(3,462)	(1,226)
Issuance of shares upon exercise of unlisted warrants		—	25,552
Issuance of convertible bonds		—	52,272
Proceeds from new borrowings		—	27,000
Repayment of borrowings		(27,462)	(10,471)
Early redemption of convertible bonds		(17,424)	—
Net cash (used in)/generated from financing activities		(48,348)	93,127
Net (decrease)/increase in cash and cash equivalents		(38,276)	32,795
Cash and cash equivalents at beginning of the year		57,016	25,718
Effect of foreign exchange rate changes, net		1,591	(1,497)
Cash and cash equivalents at end of the year	25	20,331	57,016

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

1. General Information

Finet Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in (i) the development, production and provision of financial information, advertising and investor relationship service and technology solutions to corporate and retail clients in Hong Kong and People's Republic of China (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 business. The principal activity of the Company is investment holding. The principal activities and other particulars of its subsidiaries are set out in Note 19.

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 ("Pablos"). The ultimate controlling party is Ms. LO Yuk Yee ("Ms LO"), the chairman and executive director of the Company, through her ownership in Pablos International Limited.

The Company's shares have been listed on 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 21 June 2018.

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 of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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 which is carried at fair value.

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

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 April 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealized Losses
Amendments to HKFRS 12	Disclosure of Interests in Other Entities

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in Note 37. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative for the prior year. Apart from the additional disclosure, the application of these amendments has had no impact on the Group's consolidated financial statements.

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

(b) New standards and interpretations not yet adopted

The following are new standards and amendments to existing standards that have been published and are mandatory for the Group's accounting periods on or after 1 April 2018 or later period, but have not been early adopted by the Group.

HKFRS 9	*Financial Instruments*[1]
HKFRS 15	*Revenue from Contracts with Customers and the related Amendments*[1]
HKFRS 16	*Leases*[2]
HKFRS 17	*Insurance Contracts*[3]
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[2]
Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[1]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*[2]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[2]
Amendments to HKAS 28	*As part of the Annual Improvements to HKFRSs 2014–2016 Cycle*[1]
Amendments to HKAS 40	*Transfers of Investment Property*[1]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2015-2017 Cycle*[2]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for for annual periods beginning on or after 1 January 2021.
4 Effective for annual periods beginning on or after a date to be determined.

Except described below, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 9 Financial instruments

HKFRS 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Based on the Group's financial assets as at 31 March 2018, the Group does not expect the new guidance to have significant impact on the classification and measurement of its financial assets.

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

(b) New standards and interpretations not yet adopted (Continued)

HKFRS 9 Financial instruments (Continued)

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 *Financial Instruments: Recognition and Measurement* and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group does not have any hedge instrument. Therefore, the Group does not expect any impact on the new hedge accounting rules.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortized cost, debt instruments measured at fair value through other comprehensive income, contract assets under HKFRS 15 *Revenue from Contracts with Customers*, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the new impairment model may result in an earlier recognition of credit losses on the Group's accounts receivable and other financial assets.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard. The new standard must be applied for financial years commencing on or after 1 January 2018.

The Group will apply the new rules retrospectively from 1 April 2018, with the practical expedients permitted under the standard. Comparative figures for 2017 will not be restated.

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

(b) New standards and interpretations not yet adopted (Continued)

HKFRS 15 Revenue from contracts with customers

This standard will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which cover construction contracts.

The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The Group has assessed the effects of applying the new standard on the consolidated financial statements and has not identified any material impact to the Group.

The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognized in retained earnings as of 1 April 2018 and that comparatives will not be restated.

HKFRS 16 Leases

HKFRS 16 requires almost all leases of lessees to be recognized on the statement of financial position, as the distinction between operating and finance leases is removed. The accounting for lessors will not significantly change.

Under the new standard, the right to use the leased item and the duty to pay rent are recognized as an asset and a financial liability respectively. The only exceptions are short-term and low-value leases. The standard will affect primarily the accounting for operating leases of the Group. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

At 31 March 2018, the Group had operating lease commitments of approximately HK$10,174,000 as disclosed in Note 35.

Upon adoption of HKFRS 16 the majority of operating lease commitments will be recognized in the consolidated statement of financial position as lease liabilities and right-of-use assets. The lease liabilities would subsequently be measured at amortized cost and the right-of-use asset will be depreciated on a straight-line basis during the lease term.

The Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Based on the assessment performed, the Group is in the opinion that the adoption of above new standards and amendments to standards will not result in a significant effect on its consolidated financial statements.

2. Summary of Significant Accounting Policies (Continued)

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) 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 to direct the activities of 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.

(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.

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.

(c) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.

2. Summary of Significant Accounting Policies (Continued)

2.2 Consolidation (Continued)

(c) *Changes in ownership interests (Continued)*

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in the consolidated statement of profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture 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 or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

(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 the consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized as other comprehensive income/expense 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 as other comprehensive income/expense are reclassified to the consolidated income statement.

(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. Summary of Significant Accounting Policies (Continued)

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 at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the consolidated income statement.

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".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary 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 and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognized in other comprehensive income.

2. Summary of Significant Accounting Policies (Continued)

2.4 Foreign currency translation (Continued)

(c) Group companies

The results and financial position of foreign operations (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 date of that statement of financial position;

- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this 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 any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to consolidated income statement, as part of the gain or loss on sale.

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

2.5 Property, plant and equipment

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

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

Depreciation 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
Land and buildings	2%
Computer equipment	20%
Office equipment	20%
Furniture and fixtures	20%
Motor vehicles	20%

2. Summary of Significant Accounting Policies (Continued)

2.5 Property, plant and equipment (Continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at 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 on disposals are determined by comparing proceeds with the carrying amount. These are included in the consolidated income statement.

2.6 Investment properties

Investment properties, principally comprising leasehold land and buildings, are held for long-term rental yields are 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 cost, including related transaction costs and where applicable borrowing costs.

Subsequently, they are carried at fair value. Changes in fair value are presented into consolidated income statement as part of other income.

2.7 Intangible assets

Trading rights

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

2.8 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. Other assets are tested 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 disposal and value in use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting date.

2. Summary of Significant Accounting Policies (Continued)

2.9 Investments and other financial assets

Classification

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

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

The Group classifies financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short term, ie are held for trading. They are presented as current assets if they are expected to be sold within 12 months after the end of the reporting period; otherwise they are presented as non-current assets. The Group has not elected to designate any financial assets at fair value through profit or loss.

(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. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Group's loans and receivables comprise of trade and other receivables and cash and cash equivalents.

(c) Available-for-sale financial assets

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified into any of the other categories (at FVPL, loans and receivables or held-to-maturity investments) are also included in the available-for-sale category.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

Recognition, derecognition 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.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated income statement.

Financial assets are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

2. Summary of Significant Accounting Policies (Continued)

2.9 Investments and other financial assets (Continued)

Recognition derecognition and measurement (Continued)

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 other losses" 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.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amount, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

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.

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;

2. Summary of Significant Accounting Policies (Continued)

2.10 Impairment of financial assets (Continued)

(a) Assets carried at amortized cost (Continued)

- 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.

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 receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

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.

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.

2.14 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2. Summary of Significant Accounting Policies (Continued)

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 Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component, which is included in shareholders' equity in other reserves. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition except on conversion or expiry.

The liability component of a convertible instrument is classified as current 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.

2.17 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries 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.

2. Summary of Significant Accounting Policies (Continued)

2.17 Current and deferred income tax (Continued)

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also 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 substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, 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.

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 (2017: Nil).

2. Summary of Significant Accounting Policies (Continued)

2.18 Employee benefits (Continued)

(a) Pension obligations

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.

(b) Share-based payments

The Group operates a number of equity-settled share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

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

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 and service 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.

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.

2. Summary of Significant Accounting Policies (Continued)

2.18 Employee benefits (Continued)

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when 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 the end of the reporting period are discounted to present value.

2.19 Provisions

Provisions for legal claims, service warranties and make good obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

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 present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognized as interest expense.

2.20 Revenue recognition

Revenue is measured at 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.

2. Summary of Significant Accounting Policies (Continued)

2.20 Revenue recognition (Continued)

(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.

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 from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term.

2.22 Contingent liabilities and contingent assets

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

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

2. Summary of Significant Accounting Policies (Continued)

2.23 Related parties

Party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control of the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same Group;
- (ii) one entity is an associate or joint venture of the other entity (or a parent, subsidiary or fellow subsidiary of other entity;
- (iii) the entity and the Group 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); and
- (viii) the entity, or any member of a Group of which it is apart, provides key management personnel services to the Group or to the parent of the Group.

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 and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3. Financial Risk Management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value and 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 except income from investment properties in the PRC, and these assets are also exposed to foreign currency translation risk. 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 financial assets at fair value through profit or loss (Note 23) as at 31 March 2018 and 2017. The Group's listed investments are listed on the Hong Kong Stock Exchange and are valued at quoted market prices at the end of the reporting period.

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
2018			
5% increase in equity price	**291**	**291**	**291**
5% decrease in equity price	**(291)**	**(291)**	**(291)**
2017			
5% increase in equity price	520	520	520
5% decrease in equity price	(520)	(520)	(520)

* Excluding accumulated losses

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Cash flow and fair value interest rate risk

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

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss 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
2018			
Hong Kong dollar	**50**	**84**	**—**
Hong Kong dollar	**(50)**	**(84)**	**—**
2017			
Hong Kong dollar	50	133	—
Hong Kong dollar	(50)	(133)	—

* 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 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 does not have certain concentrations of credit risk of the Group's trade receivables were due from the Group's largest customer and the five largest customers (2017: 40% and 99%), respectively. Further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable are disclosed in Note 21 to the consolidated financial statements.

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.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of available credit facilities. The Directors aim to maintain flexibility in funding by keeping credit lines available.

The following tables analyze the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity grouping based on the remaining period at the date of the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the date of the consolidated statement of financial position) and the earliest date the Group can be required to pay.

Specifically, for bank loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings and finance lease liabilities is prepared based on the scheduled repayment dates.

	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
2018				
Accounts payable	**2,036**	**—**	**—**	**2,036**
Accruals and other payables	**11,216**	**—**	**—**	**11,216**
Borrowings	**19,734**	**—**	**–**	**19,734**
2017				
Accounts payable	1,668	—	—	1,668
Accruals and other payables	14,173	—	—	14,173
Amount due to a related company	881	—	—	881
Borrowings	28,918	—	—	28,918
Convertible bonds	19,515	53,840	—	73,355

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

For the purpose of managing liquidity risk, the management reviews the expected cash flow information of the Group's borrowing 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
2018				
Borrowings	**2,247**	**8,480**	**9,007**	**19,734**
2017				
Borrowings	18,244	4,975	5,700	28,919
Convertible bonds	19,515	53,840	—	73,355

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 2018, the Group's strategy remains unchanged from 2017.

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 2018 and 2017 were as follows:

	2018 HK$'000	2017 HK$'000
Total debt	**16,846**	89,525
Total equity	**103,452**	87,878
Gearing ratio	**16%**	102%

The total debt is defined as borrowings and convertible bonds, as detailed in Notes 28 and 29 respectively.

3. Financial Risk Management (Continued)

3.3 Fair value estimation

Financial instruments that are measured in the consolidated financial statement 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.

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. Financial Risk Management (Continued)

3.4 Financial instruments by category

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

	Loans and receivables HK$'000	Financial assets at fair value through profit or loss HK$'000	Total HK$'000
Financial assets as per consolidated statement of financial position			
31 March 2018			
Statutory deposits and other assets *(Note 18)*	**656**	**—**	**656**
Accounts receivable *(Note 21)*	**14,329**	**—**	**14,329**
Deposits and other receivables	**8,419**	**—**	**8,419**
Financial assets at fair value through profit or loss *(Note 23)*	**—**	**5,813**	**5,813**
Amounts due from related companies	**2,186**	**—**	**2,186**
Client trust bank balances	**126**	**—**	**126**
Cash and cash equivalents *(Note 25)*	**20,331**	**—**	**20,331**
Total	**46,047**	**5,813**	**51,860**

	Loans and receivables HK$'000	Financial assets at fair value through profit or loss HK$'000	Total HK$'000
Financial assets as per consolidated statement of financial position			
31 March 2017			
Statutory deposits and other assets *(Note 18)*	656	—	656
Accounts receivable *(Note 21)*	18,072	—	18,072
Deposits and other receivables	11,722	—	11,722
Financial assets at fair value through profit or loss *(Note 23)*	—	10,400	10,400
Client trust bank balances	129	—	129
Cash and cash equivalents *(Note 25)*	57,016	—	57,016
Total	87,595	10,400	97,995

3. Financial Risk Management (Continued)

3.4 Financial instruments by category (Continued)

	Financial liabilities at amortized cost HK$'000
Financial liabilities as per consolidated statement of financial position	
31 March 2018	
Accounts payable *(Note 26)*	**2,036**
Accruals and other payables *(Note 27)*	**11,216**
Borrowings *(Note 28)*	**16,846**
Convertible bonds *(Note 29)*	**—**
Total	**30,098**

	Financial liabilities at amortized cost HK$'000
Financial liabilities as per consolidated statement of financial position	
31 March 2017	
Accounts payable *(Note 26)*	1,668
Accruals and other payables *(Note 27)*	14,173
Amount due to a related company	881
Borrowings *(Note 28)*	26,667
Convertible bonds *(Note 29)*	62,858
Total	106,247

4. Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and 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 addressed below.

(a) Estimation of the fair values of investment properties

The fair values of investment properties are determined annually by independent professionally 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) Estimation of current tax payable and current tax expense

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 accounts and other receivables

The Group's management determines the impairment of accounts 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 accounts and other receivables at the end of the reporting period.

(d) Estimation of the useful life of intangible asset

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 2.7. If the recoverable amount of an intangible assets is estimated to be less than its carrying amount, the carrying amount of the intangible assets is reduced to its receivable amount. The assessment of the recoverable amount requires the use of estimates and assumptions.

5. Revenue

Revenue recognized during the year is as follows:

	2018 HK$'000	2017 HK$'000
Service income from provision of financial information service	1,072	1,261
Advertising and investor relationship service income	14,659	6,007
Brokerage commission and service income from securities and futures business	5	7
Loan interest income	1,055	1,798
Rental income from investment properties	1,983	1,693
	18,774	10,766

6. Other Income and Other Losses

	2018 HK$'000	2017 HK$'000
Referral commission income	—	3,418
Interest income from bank deposits	6	6
Income from sharing of administrative expenses	3,364	—
Fair value gain on investment properties	1,700	9,700
Fair value change on financial assets at fair value through profit or loss	(612)	699
(Loss)/gain on disposal of subsidiaries *(Note 33)*	(499)	8,144
Sundry income	164	470
	4,123	22,437

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 business segments: (i) financial information, advertising and investor relationship service business, (ii) securities and futures business, (iii) money lending business and (iv) property investment business.

At 31 March 2018, the Group is organized into four operating segments:

(i) Financial information, advertising and investor relationship 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 business.

7. Segment Information (Continued)

The segment results for the year ended 31 March 2018 are as follows:

	Financial information, advertising and investor relationship 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	16,776	5	1,055	1,983	19,819
Inter-segment revenue	(1,045)	–	–	–	(1,045)
Revenue from external customers	15,731	5	1,055	1,983	18,774
Segment results	(29,563)	(4,241)	2,822	4,525	(26,457)
Loss on early redemption of convertible bonds					(32)
Finance costs					(7,035)
Loss before income tax					(33,524)
Income tax expense					(3,344)
Loss for the year					(36,868)
Other segment items included in the consolidated income statement are as follows:					
Provision for impairment loss of trade receivables	(72)	–	–	–	(72)
Reversal of provision for impairment loss of loans receivables	–	–	2,802	–	2,802
Fair value change on financial assets at fair value through profit or loss	–	(612)	–	–	(612)
Fair value gain on investment properties	–	–	–	1,700	1,700
Depreciation of property, plant and equipment	(3,261)	(33)	–	(32)	(3,326)
Loss on disposal of a subsidiary	–	–	–	(499)	(499)

7. Segment Information (Continued)

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

	Financial information, advertising and investor relationship 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					(32,147)
Other segment items included in the consolidated income statement are as follows:					
Provision for impairment loss of loans receivables	—	—	(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

Segment assets consist primarily of property, plant and equipment, investment properties, intangible assets, accounts receivable, prepayment, 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.

7. Segment Information (Continued)

The segment assets and liabilities at 31 March 2018 and capital expenditure for the year then ended are as follows:

	Financial information, advertising and investor relationship service business HK$'000	Securities and futures business HK$'000	Money lending business HK$'000	Property investment business HK$'000	Group HK$'000
Assets	**81,838**	**13,427**	**16,764**	**33,758**	**145,787**
Liabilities	**30,053**	**240**	**913**	**11,129**	**42,335**
Capital expenditure	**55,648**	**36**	**—**	**—**	**55,684**

The segment assets and liabilities at 31 March 2017 and capital expenditure for the year then ended are as follows:

	Financial information, advertising and investor relationship service business HK$'000	Securities and futures business HK$'000	Money lending business HK$'000	Property investment business HK$'000	Group HK$'000
Assets	31,616	24,294	26,483	123,337	205,730
Liabilities	15,977	268	776	100,831	117,852
Capital expenditure	3,561	2	—	—	3,563

The Group mainly operates in Hong Kong and the PRC.

	2018 HK$'000	2017 HK$'000
Revenue		
Hong Kong	**16,051**	10,236
The PRC	**2,723**	530
	18,774	10,766

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

7. Segment Information (Continued)

	2018 **HK$'000**	2017 HK$'000
Total assets		
Hong Kong	**103,293**	170,048
The PRC	**42,494**	35,682
	145,787	205,730

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

	2018 **HK$'000**	2017 HK$'000
Non-current assets		
Hong Kong	**57,102**	74,024
The PRC	**35,565**	33,062
	92,667	107,086

Non-current assets are 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:

	2018 **HK$'000**	2017 HK$'000
Customer A[1]	**N/A[3]**	2,127
Customer B[2]	**N/A[3]**	1,422
Customer C[1]	**2,000**	N/A[3]
Customer D[1]	**N/A[3]**	1,980
Customer E[1]	**2,000**	N/A[3]
Customer F[1]	**2,000**	N/A[3]

[1] Revenue from financial information, advertising and investor relationship service business.

[2] Revenue from property investment business.

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

8. Finance Costs

	2018 HK$'000	2017 HK$'000
Interest expense on borrowing	**645**	703
Effective interest expense on convertible bonds	**6,390**	8,936
	7,035	9,639

9. Loss Before Income Tax

Loss before income tax has been arrived at after charging/(crediting):

	2018 HK$'000	2017 HK$'000
Operating lease payments		
— in respect of rented premises	**7,479**	8,061
— in respect of office equipment	**12**	12
Employee benefits expense (including directors' emoluments) *(Note 12)*	**27,707**	25,428
Provision for impairment loss of trade receivables	**72**	—
Provision for impairment loss of loans receivables	**—**	613
Provision for impairment loss of other receivables	**—**	8,779
Reversal of provision for impairment loss of loans receivables	**(2,802)**	—
Impairment loss of available-for-sale financial assets	**—**	109
Depreciation of property, plant and equipment	**3,326**	2,608
Loss on disposal of property, plant and equipment	**125**	—
Loss on early redemption of convertible bonds	**32**	—
Direct operating expenses arising on rental-earning investment properties	**161**	117
Auditors' remuneration		
— Audit service	**595**	550
— Non-audit service	**—**	—

10. Income Tax Expense/(Credit)

Hong Kong Profits Tax is calculated at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits 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 is 25% from 1 January 2008 onwards.

	2018 **HK$'000**	2017 HK$'000
Current tax:		
— Hong Kong Profits Tax	**257**	—
— Overseas taxation — the PRC	**145**	143
Under provision in prior years:		
— Hong Kong Profits Tax	**—**	6
Deferred tax: *(Note 30)*	**2,942**	(1,429)
Income tax expense/(credit)	**3,344**	(1,280)

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% (2017: 16.5%) as follows:

	2018 **HK$'000**	2017 HK$'000
Loss before income tax	**(33,524)**	(33,427)
Tax calculated at Hong Kong Profits Tax rate	**(5,531)**	(5,515)
Effect of different tax rates of other jurisdictions	**(108)**	(221)
Income not subject to tax	**(1,185)**	(3,397)
Expenses not deductible for tax purposes	**2,273**	3,019
Tax effect of temporary differences not recognized	**3,149**	(1,230)
Tax losses for which no deferred income tax asset was recognized	**4,573**	6,058
Utilization of previously unrecognized tax losses	**173**	—
Under provision of tax	**—**	6
Income tax expense/(credit)	**3,344**	(1,280)

11. 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 2018 of approximately HK$35,814,000 (2017: approximately HK$29,122,000) by the weighted average number of approximately 569,683,000 (2017: approximately 476,902,000) ordinary shares in issue during the year.

(b) Diluted

The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares outstanding during the year ended 31 March 2018.

The computation of diluted loss per share for the year ended 31 March 2017 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.

12. Employee Benefits Expense

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

	2018 **HK$'000**	2017 HK$'000
Wages and salaries	**25,913**	23,950
Pension costs-defined contribution plans	**1,306**	1,235
Equity settled share-based payment	**(393)**	—
Others	**881**	243
	27,707	25,428

13. Directors' and Chief Executive's Remuneration

The remuneration of every director and the chief executive of the Company for the years ended 31 March 2018 and 2017 are set out below:

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Contributions to defined contribution schemes HK$'000	Total HK$'000
Year ended 31 March 2018				
Executive Directors				
Ms. LO Yuk Yee	—	2,058	18	2,076
Mr. CHOW Wing Chau	120	—	—	120
Mr. YIU Wing Hei	120	—	—	120
Mr. LI Hong (resigned on 8 May 2017)	12	—	—	12
Independent Non-executive Directors				
Mr. SIU Siu Ling, Robert	120	—	—	120
Mr. WONG Wai Kin	120	—	—	120
Mr. LEUNG Chi Hung	120	—	—	120
	612	2,058	18	2,688

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Contributions to defined contribution schemes HK$'000	Total HK$'000
Year ended 31 March 2017				
Executive Directors				
Ms. LO Yuk Yee	—	2,177	18	2,195
Mr. CHOW Wing Chau	120	—	—	120
Mr. YIU Wing Hei	120	—	—	120
Mr. LI Hong (appointed on 30 September 2016 and resigned on 8 May 2017)	60	—	—	60
Independent Non-executive Directors				
Mr. SIU Siu Ling, Robert	120	—	—	120
Mr. WONG Wai Kin	120	—	—	120
Mr. LEUNG Chi Hung	120	—	—	120
	660	2,177	18	2,855

No emoluments were 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.

13. Directors' and Chief Executive's Remuneration (Continued)

During the year ended 31 March 2018, 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 2018, 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 (2017: Nil). None of the directors of the Company waived or agreed to waive any remuneration during the year (2017: 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.

14. Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the year included one (2017: one) director whose emoluments have been reflected in the analysis presented above. The emoluments payable to the remaining four (2017: four) individuals during the year are as follows:

	2018 HK$'000	2017 HK$'000
Basic salaries and allowances	2,584	2,358
Contributions to defined contribution schemes	69	72
	2,653	2,430

The emoluments fell within the following band:

	2018 Number of individuals	2017 Number of individuals
Emolument band		
Nil to HK$1,000,000	4	4

During the year ended 31 March 2018, 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 (2017: Nil).

During the year ended 31 March 2018, 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 (2017: Nil).

15. Property, Plant and Equipment

	Leasehold improvements HK$'000	Land and buildings HK$'000	Computer equipment HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 April 2016							
Cost	6,287	—	8,921	1,301	1,536	809	18,854
Accumulated depreciation	(4,284)	—	(6,378)	(1,069)	(739)	(556)	(13,026)
Net book amount	2,003	—	2,543	232	797	253	5,828
Year ended 31 March 2017							
Opening net book amount	2,003	—	2,543	232	797	253	5,828
Additions	—	—	182	33	1,562	1,786	3,563
Disposals of subsidiaries	—	—	(11)	—	—	—	(11)
Depreciation	(931)	—	(890)	(88)	(472)	(227)	(2,608)
Exchange differences	(1)	—	(14)	—	(59)	(18)	(92)
Closing net book amount	1,071	—	1,810	177	1,828	1,794	6,680
At 31 March 2017							
Cost	6,280	—	8,873	1,334	2,971	2,566	22,024
Accumulated depreciation	(5,209)	—	(7,063)	(1,157)	(1,143)	(772)	(15,344)
Net book amount	1,071	—	1,810	177	1,828	1,794	6,680
Year ended 31 March 2018							
Opening net book amount	**1,071**	**–**	**1,810**	**177**	**1,828**	**1,794**	**6,680**
Additions	**62**	**–**	**313**	**52**	**1,257**	**–**	**1,684**
Acquisition of assets through acquisition of a subsidiary	**–**	**54,000**	**–**	**–**	**–**	**–**	**54,000**
Disposals	**–**	**–**	**–**	**–**	**–**	**(373)**	**(373)**
Disposals of subsidiaries	**(377)**	**–**	**–**	**–**	**–**	**–**	**(377)**
Depreciation	**(697)**	**(720)**	**(825)**	**(70)**	**(647)**	**(367)**	**(3,326)**
Exchange differences	**(1)**	**–**	**24**	**1**	**214**	**35**	**273**
Closing net book amount	**58**	**53,280**	**1,322**	**160**	**2,652**	**1,089**	**58,561**
At 31 March 2018							
Cost	**5,581**	**54,000**	**9,344**	**1,365**	**4,541**	**1,967**	**76,798**
Accumulated depreciation	**(5,523)**	**(720)**	**(8,022)**	**(1,205)**	**(1,889)**	**(878)**	**(18,237)**
Net book amount	**58**	**53,280**	**1,322**	**160**	**2,652**	**1,089**	**58,561**

As at 31 March 2018, the Group has pledged land and buildings with carrying amount of approximately HK$53,280,000 (2017: Nil) to secure the Group's borrowing (Note 28).

16. Investment Properties

	2018 HK$'000	2017 HK$'000
Beginning of year	**98,800**	89,100
Disposal of a subsidiary	**(68,000)**	—
Net gain from fair value adjustment	**1,700**	9,700
End of year	**32,500**	98,800

The Group's interests in investment properties at their carrying amount are analyzed as follows:

	2018 HK$'000	2017 HK$'000
Leases of between 10 to 50 years, held in:		
— Hong Kong	**–**	68,000
— The PRC	**32,500**	30,800
	32,500	98,800

At 31 March 2018, no bank borrowings were secured by the above investment properties (2017: approximately HK$68,000,000).

The Group obtains independent valuations for its investment properties at least annually. In current year, the valuations are performed by Ascent Partners Valuation Services Limited ("Ascent Partners"), an independent professionally qualified valuer. Ascent Partners 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.

16. Investment Properties (Continued)

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 other losses" 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 2018 and 2017:

Fair value hierarchy

	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**
2018				
Recurring fair value measurements				
Investment properties:				
— The PRC	**—**	**32,500**	**—**	**32,500**
	—	**32,500**	**—**	**32,500**

	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
2017				
Recurring fair value measurements				
Investment properties:				
— Hong Kong	—	68,000	—	68,000
— The PRC	—	30,800	—	30,800
	—	98,800	—	98,800

16. Investment Properties (Continued)

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.

17. Intangible Assets

	Trading rights in the Stock Exchange and Hong Kong Futures Exchange Limited HK$'000
At 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018	
Cost and net book amount	950

Trading rights issued by Stock Exchange and Hong Kong Futures Exchange Limited allows the Group to trade securities and future contracts on or through the exchange. The trading rights held by the Group are considered by the directors of the Company as having indefinite useful lives because they are expected to contribute net cash inflows indefinitely.

The trading rights will not be amortized until their useful life is determined to be finite. Instead, they will be tested for impairment annually and whenever there is an indication that they may be impaired. The recoverable amounts of the cash generating units relating to securities and futures business whereby these trading rights are allocated to, using a discounted cashflow method, exceed the carrying amounts. Accordingly, there is no impairment of the trading rights as at 31 March 2018 and 2017.

18. Statutory Deposits And Other Assets

	2018 **HK$'000**	2017 HK$'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
— Shanghai Hong Kong Connection Deposit	**251**	251
Stamp duty deposit	**5**	5
	656	656

19. General Information of Subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are set out below.

Name	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operations	Particulars of issued capital/registered capital	Interest held
Finet Finance Limited	Hong Kong, limited liability company	Money lending	Ordinary HK$2	100% (Indirect)
Finet Financial Services (Hong Kong) Company Limited	Hong Kong, limited liability company	Inactive	Ordinary HK$50,000	100% (Direct)
Finet Information Services Limited	Hong Kong, limited liability company	Investment holding	Ordinary HK$2	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$36,000,000	100% (Direct)
Finet Wealth Management Company Limited	Hong Kong, limited liability company	Inactive	Ordinary HK$10,000	100% (Indirect)
FinTV e-commerce Limited	Hong Kong, limited liability company	Inactive	Ordinary HK$50,000	50% (Indirect)
FinTV Video Company Limited	Hong Kong, limited liability company	Video making	Ordinary HK$10,000	50% (Indirect)
Hong Kong Affairs Limited	Hong Kong, limited liability company	Data hosting	Ordinary HK$10,000	100% (Indirect)
Source Mega Properties Limited	Hong Kong, limited liability company	Inactive	Ordinary HK$10,000	100% (Indirect)
Xian Dai Communications Limited	Hong Kong, limited liability company	Financial public relationship business	Ordinary HK$100	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)
Xian Dai TV Limited	Hong Kong, limited liability company	Media business	Ordinary HK$18,000,000	50% (Indirect)
China Hong Kong News Group Limited	Hong Kong, limited liability company	Investment holding	Ordinary HK$10,000	100% (Indirect)
Maxon Management Limited	Hong Kong, limited liability company	Investment holding	Ordinary HK$1	100% (Indirect)
Finet Management Services Limited	Hong Kong, limited liability company	Media business	Ordinary HK$10,000	100% (Indirect)
Dynamic Vision (Hong Kong) Limited	Hong Kong, limited liability company	Inactive	Ordinary HK$10,000	37.5% (Indirect)

19. General Information of Subsidiaries (Continued)

Details of the Group's subsidiaries at the end of the reporting period are set out below. (Continued)

Name	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operations	Particulars of issued capital/ registered capital	Interest held
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$10,000	100% (Indirect)
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)
Finet Group (BVI) Limited	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of US$1 each	100% (Direct)
Finet New Media Limited	British Virgin Islands, limited liability company	Investment holding	10,000 ordinary shares of HK$1 each	100% (Indirect)
Finet Securities SPC Limited	Cayman Islands, limited liability company	Investment holding	100 management shares of US$1 each 500 participant shares of US$0.01 each	100% (Indirect)
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)
北京財華金科信息諮詢有限公司	PRC, limited liability company	Financial services	Registered and paid-up capital of RMB200,000	100% (Indirect)
現代電視文化傳播(深圳)有限公司	PRC, limited liability company	Media business	Registered and paid-up capital of RMB100,000	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)
財華科技信息(深圳)有限公司	PRC, limited liability company	Inactive	Registered and paid-up capital of RMB100,000	100% (Indirect)

19. General Information of Subsidiaries (Continued)

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.

Details of non-wholly owned subsidiary that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiary of the Group that had material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of Ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2018	2017	**2018**	2017	**2018**	2017
				HK$'000	HK$'000	**HK$'000**	HK$'000
Xian Dai TV Limited	Hong Kong	**50%**	50%	**(1,054)**	(3,025)	**(9,277)**	(8,223)

	2018	2017
	HK$'000	HK$'000
Total assets	**4,051**	8,393
Total liabilities	**(22,606)**	(24,840)
Net liabilities	**(18,555)**	(16,447)
Total income	**7,988**	4,123
Total expenses	**(10,096)**	(10,173)
Loss for the year	**(2,108)**	(6,050)
Net cash (outflow)/inflow from operating activities	**(4,482)**	7,167
Net cash inflow/(outflow) from investing activities	**693**	(1,629)
Net cash (outflow)/inflow	**(3,789)**	5,538

20. Available-for-Sale Financial Assets

	2018 HK$'000	2017 HK$'000
Beginning of year	–	109
Impairment loss recognized	–	(109)
End of year	–	–

Available-for-sale financial assets are denominated in Japanese Yen. During the year ended 31 March 2017, the above equity securities had been delisted by the Tokyo Stock Exchange due to liquidation. The directors of the Company considered that the possibility to fully recover the asset value of the available-for-sale financial assets to be remote and the Group recognized a full impairment of approximately HK$109,000 against the carrying amount as at 31 March 2017.

21. Accounts Receivable

	2018 HK$'000	2017 HK$'000
Loans receivables *(Note)*	12,773	20,680
Less: Provision for impairment loss of loans receivables	–	(2,802)
	12,773	17,878
Trade receivables	2,753	1,319
Less: Provision for impairment loss of trade receivables	(1,197)	(1,125)
	1,556	194
Accounts receivable	14,329	18,072

Note:

The loans receivables of amount to approximately HK$6,166,000 related to the Group's subsidiary director, the loan bears 1% interest rate per month, repayable on the date falling on the expiry of the two-month period after the loan agreement date and no collateral to collection.

21. Accounts Receivable (Continued)

The loans terms granted by the Group to its customers range from 60 days to 365 days from the loan drawn date. The carrying amounts of loans receivables 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. Loans receivables as at 31 March 2018 are unsecured and interest-bearing at rates ranging from 7% to 12% (2017: 7% to 24%) per annum. Loans receivables include the interest receivables of approximately HK$1,055,000 (2017: approximately HK$1,278,000) receivable at the date of repayment.

As of 31 March 2018, loans receivables of approximately HK$11,771,000 (2017: approximately HK$17,878,000) were past due but not impaired.

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

	2018 HK$'000	2017 HK$'000
61–90 days	**—**	7,253
Over 90 days	**11,771**	10,625
	11,771	17,878

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

	2018 HK$'000	2017 HK$'000
At the beginning of year	**2,802**	2,189
Provision for impairment loss	**—**	613
Reversal of provision for impairment loss	**(2,802)**	—
At the end of year	**—**	2,802

21. Accounts Receivable (Continued)

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 2018, the aging analysis of the trade receivables are as follows:

	2018 HK$'000	2017 HK$'000
0–30 days	**798**	33
31–60 days	**618**	41
61–90 days	**43**	62
Over 90 days	**97**	58
	1,556	194

As of 31 March 2018, trade receivables of approximately HK$97,000 (2017: approximately HK$58,000) 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:

	2018 HK$'000	2017 HK$'000
Over 90 days	**97**	58

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:

	2018 HK$'000	2017 HK$'000
At the beginning of year	**1,125**	1,125
Provision for impairment loss	**72**	—
At the end of year	**1,197**	1,125

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

21. Accounts Receivable (Continued)

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

	2018 **HK$'000**	2017 HK$'000
Hong Kong dollars	**14,269**	18,069
United States dollars	**60**	3
	14,329	18,072

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.

22. Prepayment, Deposits and Other Receivables

	2018 **HK$'000**	2017 HK$'000
Prepayment	**1,916**	1,305
Utility and other deposits	**4,266**	4,832
Other receivables	**4,153**	6,890
Amount due from a former subsidiary *(Note)*	**8,779**	8,779
	19,114	21,806
Less: Provision for impairment loss of amount due from a former subsidiary *(Note)*	**(8,779)**	(8,779)
	10,335	13,027

Note: The amount due from a former subsidiary (namely, 深圳市財華智庫信息技術有限公司("財華智庫")) was unsecured, interest-free and repayable on demand. The directors of the Company considered the amount due might not be recovered and a full provision for impairment loss had been recognized during the year ended 31 March 2017.

23. Financial Assets at Fair Value Through Profit or Loss

	2018 **HK$'000**	2017 HK$'000
Equity securities listed in Hong Kong, at fair value	**5,813**	10,400

23. Financial Assets at Fair Value Through Profit or Loss (Continued)

During the year ended 31 March 2018, the realized gain and unrealized loss on financial assets at fair value through profit or loss were approximately HK$75,000 (2017: approximately HK$299,000) and approximately HK$687,000 (2017: unrealized gain on financial assets of fair value through profit or loss were approximately HK$400,000) respectively. Details of the equity investee of which the carrying amount is significant to the Group at 31 March 2018 and 2017 are as follows:

At 31 March 2018

Name of company	**Place of incorporation**	**Class of shares held**	**Proportion of the nominal value issued ordinary shares held by the Group**	**Number of shares held by the Group as at 31 March 2018**	**Unrealized loss during year HK$'000**
Daisho Microline Holdings Limited (SEHK: 0567)	Bermuda	Ordinary shares	2.16%	12,500,000	687

At 31 March 2017

Name of company	Place of incorporation	Class of shares held	Proportion of the nominal value issued ordinary shares held by the Group	Number of shares held by the Group as at 31 March 2017	Unrealized gain during year HK$'000
Daisho Microline Holdings Limited (SEHK: 0567)	Bermuda	Ordinary shares	3.47%	20,000,000	400

The fair value of all equity securities are based on their current market prices in an active market. The Group held listed equity securities with a total market value of approximately HK$5,813,000 (2017: approximately HK$10,400,000) as at 31 March 2018.

The following table presents the financial assets at fair value through profit or loss that are measured at fair value at 31 March 2018:

	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**
Financial assets at fair value through profit or loss	**5,813**	**—**	**—**	**5,813**

23. Financial Assets at Fair Value Through Profit or Loss (Continued)

At 31 March 2017

The following table presents the financial assets at fair value through profit or loss that are measured at fair value at 31 March 2017:

	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
Financial assets at fair value through profit or loss	10,400	—	—	10,400

Financial assets at fair value through profit or loss are denominated in HK$.

24. Amount Due from/(to) Related Companies

Name of related companies	Maximum outstanding amount during the year	**2018 HK$'000**	2017 HK$'000
International Links Limited ("International Links")	1,769	**1,769**	—
Maxx Capital Finance Limited ("Maxx Capital Finance")	446	**446**	(881)
Finet Job Limited ("Finet Job")	(29)	**(29)**	—
		2,186	(881)

International Links, Maxx Capital Finance and Finet Job are beneficially owned by Ms. Lo, the chairman and the executive director of the Company.

As at 31 March 2018 and 2017, the amounts due were unsecured, interest-free and have no fixed term of repayment.

25. Cash and Cash Equivalents

	2018 HK$'000	2017 HK$'000
Cash at banks and in hand	**20,331**	57,016

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 2018, approximately 69% (2017: approximately 90%) of the Group's bank balances and deposits are denominated in Hong Kong dollars, approximately 20% (2017: approximately 7%) in United States dollar and approximately 11% (2017: approximately 3%) 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.

26. Accounts Payable

	2018 HK$'000	2017 HK$'000
Accounts payable arising from securities broking		
— Clients	113	116
Accounts payable arising from futures broking		
— Clients	13	13
Other accounts payable	1,910	1,539
Accounts payable	2,036	1,668

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 2018 and 2017, the aging analysis of the accounts payable were as follows:

	2018 HK$'000	2017 HK$'000
0–30 days	363	—
31–60 days	43	—
61–90 days	8	36
Over 90 days	1,496	1,503
	1,910	1,539

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

	2018 HK$'000	2017 HK$'000
Renminbi	12	11
Hong Kong dollars	2,015	1,648
United States dollars	9	9
	2,036	1,668

27. Accruals and other payables

	2018 HK$'000	2017 HK$'000
Rental deposits received	**447**	770
Deposit received on disposal of a subsidiary	**—**	6,800
Other payables	**2,867**	1,685
Accruals	**7,902**	4,918
	11,216	14,173

28. Borrowings

	2018 HK$'000	2017 HK$'000
Secured bank borrowings	**16,846**	26,667

At the end of the reporting period, the borrowings are repayable as follows:

	2018	2017
Within 1 year	**1,769**	17,826
Between 1 and 2 years	**1,769**	863
Between 2 and 5 years	**5,308**	2,836
Over 5 years	**8,000**	5,142
	16,846	26,667

As at 31 March 2018, the borrowings of approximately HK$3,846,000 (2017: approximately HK$9,667,000) carried at floating rate of Hong Kong Interbank Offer Rate ("HIBOR") plus 1.25% per annum (2017: at floating rate of Prime Rate less 0.75% per annum). The borrowings of approximately HK$13,000,000 carried at floating rate of HIBOR plus 1.75% per annum (2017: approximately HK$17,000,000 which is revolving loan carried at floating rate of Prime Rate less 0.75% per annum). The effective interest rate for the borrowings ranging from 2.42% to 3.11% per annum. The carrying amounts of the borrowings are denominated in Hong Kong dollars.

As at 31 March 2018, the borrowings was pledged by certain land and buildings of the Group (Note 15) and a personal guarantee was given by the chairman of the Company for the Group's certain borrowings (2017: certain investment properties of the Group and a limited guarantee at the amount HK$35,000,000 by the Company).

The borrowings are 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.

29. Convertible Bonds

Convertible bonds at amortized costs:

The movement of liability component at amortized costs of the convertible bonds are as follows:

	HK$'000
Carrying amount as at 1 April 2016	13,930
Liability component on initial recognition	40,515
Interest charged *(Note 8)*	8,936
Interest paid	(523)
Carrying amount as at 31 March 2017 and 1 April 2017	62,858
Conversion of convertible bonds	(49,882)
Early redemption of convertible bonds	(16,549)
Interest charged *(Note 8)*	6,390
Interest paid	(2,817)
Carrying amount as at 31 March 2018	–

On 23 December 2015, 6 May 2016 and 12 May 2016, the Company issued convertible bonds, comprised Convertible Bond Batch 1 (the "CB 1"), Convertible Bond Batch 2 (the "CB 2"), Convertible Bond Batch 3 (the "CB 3") and Convertible Bond Batch 4 (the "CB 4"), with an aggregate principal amount of HK$69,696,000 to the subscriber, Maxx Capital International Limited ("Maxx Capital"), which is beneficially owned by Ms. LO, the chairman and the executive director of the Company. The convertible bonds carried an interest at 3% per annum payable on annual basis and have a term of 2 years. The convertibles bonds carried the rights to convert into conversion share at a price of HK$0.396 each during the period commencing from the date of issue of convertible bonds and ending on the day which falls on the second anniversary of the date of issue of convertible bonds. The effective interest rate of the liability component for the convertible bonds of the four batches are ranged from 17.42% to 18.97% per annum at the date of initial recognition.

On 13 July 2017, the Company early redeemed the CB 1. The fair value of the liability component on the date of redemption was approximately HK$16,581,000 and resulted in a loss of approximately HK$32,000 from the redemption of the CB 1.

The movement of equity component of the convertible bonds is as follows:

	HK$'000
Carrying amount as at 1 April 2016	3,490
Equity component on initial recognition	11,757
Deferred tax liability on recognition of equity component of convertible bonds	(1,940)
Carrying amount as at 31 March 2017 and 1 April 2017	13,307
Conversion of convertible bonds	(15,936)
Release of deferred tax liability on recognition of equity component of convertible bonds	2,629
Carrying amount as at 31 March 2018	–

29. Convertible Bonds (Continued)

The carrying amount and fair value of the convertible bonds are as follows:

	Carrying value		Fair value	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
Convertible bonds	**—**	62,858	**—**	62,379

The fair value of the liability component of the convertible bonds at 31 March 2017 amounted to approximately HK$62,379,000.

On 14 December 2017, Maxx Capital has fully exercised the rests of its conversion rights attached to the CB 2, CB 3 and CB 4 with an aggregate principal amount of HK$52,272,000 into 137,557,894 new ordinary shares of the Company at HK$0.38 each.

30. Deferred Tax Liabilities

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

	Convertible bonds	Revaluation of properties	Accelerated tax depreciation	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2016	577	9,905	132	10,614
(Credit)/charge to the consolidated income statement	(1,388)	(60)	19	(1,429)
Recognition of equity component of convertible bonds	1,940	—	—	1,940
At 31 March 2017 and 1 April 2017	1,129	9,845	151	11,125
Charge to consolidated income statement	1,500	1,020	422	2,942
Eliminated on disposal of a subsidiary	—	—	(151)	(151)
Release of recognition of equity component of convertible bonds	(2,629)	—	—	(2,629)
At 31 March 2018	**—**	**10,865**	**422**	**11,287**

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.

30. Deferred Tax Liabilities (Continued)

Pursuant to the relevant laws and regulations in the PRC, the Group has deferred tax assets not recognized on unused tax losses of approximately HK$8,330,000 (31 March 2017: approximately HK$7,073,000) 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.

31. Share Capital

	2018		2017	
	Number of shares	**Amount HK$'000**	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 (2017: HK$0.01) each				
Authorized:				
At beginning of year and at the end of year	**15,000,000,000**	**150,000**	15,000,000,000	150,000
Issued and fully paid:				
At the beginning of year	**528,980,880**	**5,290**	465,418,880	4,654
Conversion of unlisted warrants	**—**	**—**	63,562,000	636
Conversion of convertible bonds *(Note 29)*	**137,557,894**	**1,375**	—	—
At the end of year	**666,538,774**	**6,665**	528,980,880	5,290

Note:

On 14 December 2017, the principal amount of HK$52,272,000 of convertible bonds was converted at the conversion price of HK$0.38 each, resulting in the issue of 137,557,894 ordinary shares at HK$0.01 each.

During the year ended 31 March 2017, three registered warrants holders exercised their rights to subscribe for a total 63,562,000 ordinary shares of the Company at HK$0.402 per share. There is no outstanding warrants conferring the rights to subscribe ordinary shares in the Company.

32. Acquisition of assets through acquisition of a subsidiary

For the year ended 31 March 2018:

Acquisition of Maxon Management Limited (the "Maxon")

On 24 August 2017, the Group completed the acquisition of entire interests in Maxon Management Limited (the "Acquisition") from a connected person. In the opinion of the directors, the Acquisition did not constitute an acquisition of business in substance. The Acquisition was considered as acquisition of assets through acquisition of a subsidiary. The Maxon is principally engaged in property investment business in Hong Kong. The commercial properties is occupied by the Group as office for the securities and futures business. The consideration is satisfied by a cash consideration of approximately HK$36,233,000.

Assets acquired and liabilities recognized at the date of acquisition are as follows:

	HK$'000
Property, plant and equipment *(Note 15)*	54,000
Prepayment, deposits and other receivables	50
Cash and bank balances	170
Amount due to a fellow subsidiary	(285)
Accruals and other payables	(61)
Bank borrowings	(17,641)
Net assets	36,233
Satisfied by cash	36,233
Net cash outflow on acquisition of the Maxon:	
Cash consideration paid	(36,233)
Less: cash and cash equivalents balances acquired	170
	(36,063)

33. Disposal of subsidiaries

For the year ended 31 March 2018:

Disposal of Pink Angel Investments Limited (the "Pink Angel")

On 14 March 2017, Finet Group (BVI) Limited, a direct wholly-owned subsidiary of the Company, had entered into the agreement with an independent third party to dispose of the entire issued share capital of the Pink Angel together with the sale debt at a consideration of approximately HK$67,430,000. The principal assets held by the Pink Angel were the commercial properties located in Hong Kong. The disposal was completed on 11 July 2017.

Analysis of assets and liabilities over which control was lost:

	HK$'000
Investment properties *(Note 16)*	68,000
Property, plant and equipment *(Note 15)*	377
Trade and other receivables	287
Accruals and other payables	(584)
Deferred tax liabilities *(Note 30)*	(151)
	67,929
Loss on disposal of a subsidiary *(Note 6)*	(499)
	67,430
Satisfied by:	
Cash consideration received	24,914
Cash consideration for sale debt	42,516
	67,430
Net cash inflow on disposal of a subsidiary:	
Cash consideration received	24,914
Cash consideration for sale debt	42,516
	67,430

33. Disposal of subsidiaries (Continued)

For the year ended 31 March 2017:

(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 its entire equity interests in Top 100 Hong Kong Company Limited ("Top 100"), a limited liability 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, the Company entered into a sales and purchase agreement with a director of the Company to dispose its entire equity interests in China Finance Holdings Limited ("CFHL"), a limited liability 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 its entire equity controlling interests in 財華智庫, a limited liability 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.

33. Disposal of subsidiaries (Continued)

For the year ended 31 March 2017: (Continued)

Analysis of assets and liabilities over which control were lost:

	Top 100	**CFHL**	**財華智庫**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
	(Note (i))	*(Note (ii))*	*(Note (iii))*	
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)
	(203)	4,768	(7,428)	(2,863)
Release of translation reserve	—	—	(271)	(271)
Gain on disposal of subsidiaries *(Note 6)*	213	232	7,699	8,144
Total consideration	10	5,000	—	5,010
Satisfied by:				
Cash consideration received	10	5,000	—	5,010
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)
	(49)	273	(33)	191

34. Share-Based Employee

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.

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.

34. Share-Based Employee (Continued)

Share Option Scheme (Continued)

New Share Option Scheme (Continued)

The 10% General Limit has been refreshed at the annual general meeting of the Company held on 22 September 2017 ("2017 AGM"), and hence the 10% General Limit as at 31 March 2017 is 52,898,088 shares of HK$0.01 each being 10% of the number of shares in issue as at the date of the 2017 AGM of the Company of 528,980,880 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.

34. Share-Based Employee (Continued)

Share Option Scheme (Continued)

The following table discloses movements of the share options granted during the year ended 31 March 2018:

Grantee	Date of grant	Adjusted exercise price	Exercise period	Outstanding as at 1 April 2017	Granted during the year	Exercised during the year	Cancelled during the year	Outstanding as at 31 March 2018
Share Option Scheme:								
Executive Director								
Mr. CHOW Wing Chau	3 January 2014	HK$0.5000	*Note 1*	500,000	—	—	(500,000)^	—
Sub-total				500,000	—	—	(500,000)	—
Employee	3 January 2014	HK$0.5000	*Note 1*	1,000,000	—	—	(1,000,000)^	—
Sub-total				1,000,000	—	—	(1,000,000)	—
Total				1,500,000	—	—	(1,500,000)	—
Weighted average exercise price				HK$0.5000	N/A	N/A	N/A	—

^ The 1,500,000 share options granted under the Share Option Scheme cancelled by the employees.

The following table discloses movements of the share options granted during the year ended 31 March 2017:

Grantee	Date of grant	Adjusted exercise price	Exercise period	Outstanding as at 1 April 2016	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Outstanding as at 31 March 2017
Share Option Scheme:								
Executive Director								
Mr. CHOW Wing Chau	3 January 2014	HK$0.5000	*Note 1*	500,000	—	—	—	500,000
Sub-total				500,000	—	—	—	500,000
Employee	3 January 2014	HK$0.5000	*Note 1*	1,000,000	—	—	—	1,000,000
Sub-total				1,000,000	—	—	—	1,000,000
Total				1,500,000	—	—	—	1,500,000
Weighted average exercise price				HK$0.5000	N/A	N/A	N/A	HK$0.5000

34. Share-Based Employee (Continued)

Share Option Scheme (Continued)

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

The fair value of options granted on 3 January 2014 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%.

Note:

1. 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.

		As at 31 March 2018	As at 31 March 2017
Vesting period:	6 months after 3 January 2014:	Cancelled	50%
	12 months after 3 January 2014:	Cancelled	50%

During the year ended 31 March 2018, employees share-based payment of net credit amount of approximately HK$393,000 (2017: HK$Nil) has been included in the consolidated income statement with a corresponding debit to the employee compensation reserve.

At 31 March 2018, the Company had no (2017: 1,500,000) share options outstanding under the Old Share Option Scheme.

35. Commitments

The Group as Lessor

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

	2018 HK$'000	2017 HK$'000
No later than 1 year	2,334	3,195
Later than 1 year but no later than 5 years	—	1,356
	2,334	4,551

The Group leases its investment properties under operating lease. The leases run for an initial period of 1 to 2 years for fixed rentals.

35. Commitments (Continued)

The Group as Lessee

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:

	2018	2017
	HK$'000	HK$'000
No later than 1 year	**7,488**	3,382
Later than 1 year and no later than 5 years	**2,686**	1,123
	10,174	4,505

The Company had no significant operating lease commitment as at 31 March 2018 and 2017.

36. Contingent Liabilities

During the year ended 31 March 2008, three libel actions were brought by a company and an individual (collectively the "Plaintiffs") against the Group in respect of the publication of words alleged to be defamatory and concerning articles published on the Group's website in 2007. The Plaintiffs sought, among other things, injunctive relief and unliquidated damages. The 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 consolidated financial statements in respect thereof.

37. Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings	**Convertible bonds**	**Total**
	Note 28	*Note 29*	
	HK$'000	HK$'000	HK$'000
At 1 April 2017	26,667	62,858	89,525
Financing cash flows	(28,107)	(20,241)	(48,348)
Acquisition of assets through acquisition of a subsidiary	17,641	—	17,641
Conversion of convertible bonds	—	(49,882)	(49,882)
Early redemption of convertible bonds	—	875	875
Interest expenses	645	6,390	7,035
At 31 March 2018	16,846	—	16,846

38. Significant Related Parties Transactions

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

	2018 HK$'000	2017 HK$'000
Income from sharing of administrative expenses received from International Links *(Note i)*	1,689	—
Income from sharing of administrative expenses received from Maxx Capital Finance *(Note i)*	1,675	—
Management fee paid to Maxx Capital Finance *(Note i)*	—	150
Referral fee in relation to the money lending business paid to Maxx Capital Finance *(Note i)*	—	120
Rental expenses paid to Avaya Lane Limited ("Avaya Lane") *(Note i)*	—	360
Rental expenses paid to Cyber Feel Limited ("Cyber Feel) *(Note i)*	3,643	3,686
Rental expenses paid to Great Heep International Investment Limited ("Great Heep") *(Note i)*	232	—
Rental expenses paid to Maxon *(Note ii)*	596	326
Loan interest income from the Group's subsidiary director *(Note iii)*	284	—
Referral commission income from a director *(Note iv)*	—	80

Notes:

(i) Maxx Capital Finance, Avaya Lane, Great Heep, Cyber Feel and International Links are beneficially owned by Ms. LO, the chairman and the executive director of the Company.

(ii) Maxon was beneficially owned by Ms. LO, the chairman and the executive director of the Company before 24 August 2017. The acquisition of Maxon was completed on 24 August 2017 and Maxon became an indirectly wholly-owned subsidiary of the Company.

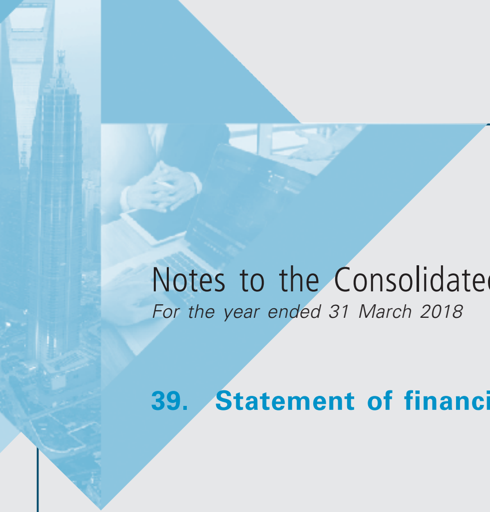
(iii) Finet Finance Limited, a wholly-owned subsidiary of the Company entering into loan agreements with the Borrower, Ms. Chan Kwai Yuet, the Group's subsidiary director, constituted the connected transaction with the Group.

(iv) The referral commission income is from Ms. LO, the chairman and the executive director of the Company.

39. Statement of financial position and reserves of the Company

	2018 HK$'000	2017 HK$'000
Non-current assets		
Property, plant and equipment	**360**	—
Investment properties	**32,500**	30,800
Investments in subsidiaries	**29,885**	28,925
	62,745	59,725
Current assets		
Amounts due from subsidiaries	**48,847**	73,275
Amount due from a related company	**238**	1,190
Prepayments, deposits and other receivables	**849**	813
Cash and cash equivalents	**4,566**	23,295
	54,500	98,573
Total assets	**117,245**	158,298
Current liabilities		
Accruals and other payables	**1,718**	568
Amounts due to subsidiaries	**3,427**	1,799
	5,145	2,367
Net current assets	**49,355**	96,206
Total assets less current liabilities	**112,100**	155,931
Non-current liabilities		
Convertible bonds	**—**	62,858
Deferred tax liabilities	**10,865**	10,973
	10,865	73,831
Net assets	**101,235**	82,100
Equity		
Capital and reserves attributable to owners of the Company		
Share capital	**6,665**	5,290
Reserves	**94,570**	76,810
Total equity	**101,235**	82,100

LO Yuk Yee	**CHOW Wing Chau**
Director	*Director*



39. Statement of financial position and reserves of the Company (Continued)

	Share premium HK$'000	Employee compensation reserve HK$'000	Convertible bonds equity component HK$'000	Property revaluation reserve HK$'000	Warrants reserve HK$'000	Accumulated losses HK$'000	Total reserves HK$'000
Balance at 1 April 2016	233,644	393	3,490	9,989	1,271	(173,927)	74,860
Comprehensive expense							
Loss for the year	—	—	—	—	—	(32,783)	(32,783)
Transactions with owners							
Issue of shares upon exercise of unlisted warrants	26,187	—	—	—	(1,271)	—	24,916
Issue of convertible bonds	—	—	11,757	—	—	—	11,757
Deferred tax liability on recognition of equity component of convertible bonds	—	—	(1,940)	—	—	—	(1,940)
Total transactions with owners	26,187	—	9,817	—	(1,271)	—	34,733
Balance at 31 March 2017 and 1 April 2017	259,831	393	13,307	9,989	—	(206,710)	76,810
Comprehensive expense							
Loss for the year	—	—	—	—	—	(31,451)	(31,451)
Transactions with owners							
Early redemption of convertible bonds	—	—	(4,179)	—	—	3,336	(843)
Conversion of convertible bonds	60,264	—	(11,757)	—	—	—	48,507
Share options cancelled during the year	—	(393)	—	—	—	—	(393)
Release of deferred tax liability on recognition of equity component of convertible bonds	—	—	2,629	—	—	(689)	1,940
Total transactions with owners	60,264	(393)	(13,307)	—	—	2,647	49,211
Balance at 31 March 2018	320,095	—	—	9,989	—	(235,514)	94,570

40. Events After the Reporting Period

The Group had no material event subsequent to the end of the reporting period and up to the date of this report.

Financial Summary

	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000
RESULTS					
Revenue	**18,774**	10,766	11,183	19,292	23,880
Operating loss	**(26,489)**	(23,788)	(39,519)	(38,790)	(20,616)
Finance costs	**(7,035)**	(9,639)	(1,093)	(458)	(595)
Loss for the year	**(36,868)**	(32,147)	(40,732)	(39,420)	(22,294)
Loss per share					
— Basic (in HK cent)	**(6)**	(6)	(8)	(8)	(4)
— Diluted (in HK cent)	**(6)**	(6)	(8)	(8)	(4)
ASSETS AND LIABILITIES					
Non-current assets	**92,667**	107,086	96,643	97,710	98,892
Current assets	**53,120**	98,644	43,662	51,818	84,533
Current liabilities	**31,048**	43,869	29,242	26,089	27,083
Non-current liabilities	**11,287**	73,983	24,544	9,958	9,939
Net assets	**103,452**	87,878	86,519	113,481	146,403

Properties Held by the Group

Particulars of the Group's investment property is 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