



財華社
FINET

Finet Group Limited

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

- HONG KONG
- SHENZHEN
- BEIJING

**MOVING
FORWARD**

INTERIM REPORT 2019/2020

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized 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 are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to higher 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 of Hong Kong Limited take no responsibility for the contents of this 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 report.

*This 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 (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this 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 in this report misleading.*



RESULTS HIGHLIGHTS

- The Group reported a turnover of approximately HK\$15,270,000 for the six months ended 30 September 2019, representing an increase of approximately 94.5% from approximately HK\$7,851,000 for the same period in 2018.
- The Group's unaudited consolidated loss attributable to owners of the Company for the six months ended 30 September 2019 was approximately HK\$10,900,000 (six months ended 30 September 2018 approximately HK\$16,988,000).
- The Board does not recommend the payment of dividend for the six months ended 30 September 2019.

The board of Directors (the “Board”) is pleased to present the unaudited results of the Group for the three months and six months ended 30 September 2019, together with the comparative unaudited figures for the corresponding period in 2018 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30 September 2019

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Revenue	3	10,956	4,275	15,270	7,851
Cost of sales		(384)	(412)	(1,302)	(1,386)
Gross profit		10,572	3,863	13,968	6,465
Other income and other losses	3	(310)	745	189	(1,247)
Selling and marketing expenses		(171)	(65)	(532)	(70)
General and administrative expenses		(13,495)	(10,214)	(24,968)	(21,697)
Finance costs	5	(143)	(136)	(290)	(251)
Loss before income tax	6	(3,547)	(5,807)	(11,633)	(16,800)
Income tax expense	7	(23)	(153)	(64)	(195)
Deferred tax credit		—	200	31	399
Loss for the period		(3,570)	(5,760)	(11,666)	(16,596)
Loss attributable to:					
Owners of the Company		(2,468)	(6,514)	(10,900)	(16,988)
Non-controlling interests		(1,102)	754	(766)	392
		(3,570)	(5,760)	(11,666)	(16,596)
Loss per share for loss attributable to the owners of the Company during the period	9				
— Basic and diluted (in HK cent)		(0.37)	(0.98)	(1.64)	(2.55)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2019

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Loss for the period		(3,570)	(5,760)	(11,666)	(16,596)
Other comprehensive income/ (expense)					
Currency translation differences		464	69	(51)	(1,486)
Other comprehensive income/ (expense) for the period		464	69	(51)	(1,486)
Total comprehensive expense for the period		(3,106)	(5,691)	(11,717)	(18,082)
Attributable to:					
Owners of the Company		(2,004)	(6,445)	(10,951)	(18,474)
Non-controlling interests		(1,102)	754	(766)	392
		(3,106)	(5,691)	(11,717)	(18,082)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

Notes	Unaudited 30 September 2019 HK\$'000	Audited 31 March 2019 HK\$'000
ASSETS AND LIABILITIES		
Non-current assets		
	54,523	55,696
Property, plant and equipment		
Investment properties	32,700	32,700
Intangible assets	950	950
Statutory deposits and other assets	656	656
	88,829	90,002
Current assets		
Accounts receivable	8,652	8,344
Prepayments, deposits and other receivables	4,564	5,992
Financial assets at fair value through profit or loss	964	1,278
Amount due from related companies	3,168	2,005
Contract assets	13	100
Client trust bank balances	898	253
Cash and cash equivalents	18,373	12,749
	36,632	30,721
Total assets	125,461	120,723



	Notes	Unaudited 30 September 2019 HK\$'000	Audited 31 March 2019 HK\$'000
Current liabilities			
Accounts payable	12	2,530	1,883
Accruals and other payables		9,012	7,728
Deferred income		6	—
Contract liabilities	13	1,067	2,044
Amount due to a related company		—	42
Borrowings		13,468	14,436
Tax payables		215	215
		26,298	26,348
Net current assets			
		10,334	4,373
Total assets less current liabilities			
		99,163	94,375
Non-current liabilities			
Loans from shareholder		30,572	14,725
Deferred tax liabilities		11,277	11,308
		41,849	26,033
Net assets			
		57,314	68,342
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	14	6,665	6,665
Reserves		59,956	70,218
		66,621	76,883
Non-controlling interests		(9,307)	(8,541)
Total equity			
		57,314	68,342

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Attributable to owners of the Company										Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Employee compensation reserve HK\$'000	Other reserve HK\$'000	Translation reserve HK\$'000	Convertible bonds equity component HK\$'000	Property revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		
As at 1 April 2018	6,665	320,095	4,870	—	1,776	274	—	9,989	(235,940)	107,729	(9,318)	98,411
Loss for the period	—	—	—	—	—	—	—	—	(16,988)	(16,988)	392	(16,596)
Other comprehensive expense												
Currency translation differences	—	—	—	—	—	(1,486)	—	—	—	(1,486)	—	(1,486)
Total other comprehensive expense	—	—	—	—	—	(1,486)	—	—	—	(1,486)	—	(1,486)
Total comprehensive (expense)/income	—	—	—	—	—	(1,486)	—	—	(16,988)	(18,474)	392	(18,082)
As at 30 September 2018	6,665	320,095	4,870	—	1,776	(1,212)	—	9,989	252,928	89,255	8,926	80,329
As at 1 April 2019	6,665	320,095	4,870	—	1,776	(1,702)	—	9,989	(284,810)	76,883	(8,541)	68,342
Loss for the period	—	—	—	—	—	—	—	—	(10,900)	(10,900)	(766)	(11,666)
Other comprehensive expense												
Currency translation differences	—	—	—	—	—	(51)	—	—	—	(51)	—	(51)
Total other comprehensive expense	—	—	—	—	—	(51)	—	—	—	(51)	—	(51)
Total comprehensive (expense)/income	—	—	—	—	—	—	—	—	(10,900)	(10,951)	(766)	(11,717)
Employee compensation reserve												
	—	—	—	689	—	—	—	—	—	689	—	689
As at 30 September 2019	6,665	320,095	4,870	689	1,776	(1,753)	—	9,989	(275,710)	66,621	(9,307)	57,314

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	For the six months ended 30 September	
	2019 HK\$'000	2018 HK\$'000
Net cash (outflow)/inflow from operating activities	(8,812)	36
Net outflow from investing activities	(6)	(107)
Net cash inflow/(outflow) from financing activities	14,618	(1,141)
Net increase/(decrease) in cash and cash equivalents	5,800	(1,212)
Cash and cash equivalents, at beginning of the period	12,749	20,331
Effect of foreign exchange rate changes, net	(176)	(1,215)
Cash and cash equivalents, at end of the period	18,373	17,904
Analysis of balances of cash and cash equivalents:		
Cash and cash equivalents	18,373	17,904



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

The principal activity of Finet Group Limited (the “Company”) is investment holding. The Company and its subsidiaries (together the “Group”) are principally engaged in (i) the development, production and provision of financial information services and technology solutions to corporate and retail clients in Hong Kong and Greater China; (ii) media business; (iii) the securities and futures business that specializes in the provision of online securities and futures trading; (iv) money lending business; and (v) property investments.

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 24 June 2002. 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 immediate and ultimate holding company is Maxx Capital International Limited incorporated in the British Virgin Islands (“BVI”) with limited liability and Pablos International Limited incorporated in the BVI with limited liability, respectively. The ultimate controlling party is Ms. LO Yuk Yee, who controls Pablos International Limited and is also the Chairman and executive Director of the Company.

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

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) unless otherwise stated. These consolidated financial statements were approved and authorized for issue by the board of directors on 11 November 2019.



2. Basis of Preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the disclosure requirements of the GEM Listing Rules.

The principal accounting policies and methods of computation used in the preparation of these accounts are consistent with those adopted in the preparation of the annual report of the Company for the year ended 31 March 2019.

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and certain financial assets, which are carried at fair values.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual report, and should be read in conjunction with the Group’s annual report for the year ended 31 March 2019.

3. Adoption of New and Revised Hong Kong Financial Reporting Standards

In the current interim period, the Group has applied, for the first time, certain new standards, amendments to standards and interpretations issued by the HKICPA that are mandatorily effective for the current interim period. Except for HKFRS 16 Leases mentioned below, the adoption of these new and revised HKFRSs did not result in substantial changes to the Group’s accounting policies and amounts reported for the current year and prior year.

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases. The Group has applied the simplified transition approach and did not restate comparative amounts for the year prior to first adoption. The standard affects primarily the accounting for the Group’s operating leases. The Group’s office and operating premises leases were previously classified as operating leases and the lease payments (net of any incentives received from the lessor) were recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Group recognises and measures a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset are recognised in profit or loss. The Group’s assets and liabilities increase and the timing of expense recognition is also be impacted as a result.



Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 is not material.

The Group has not yet applied new or revised HKFRSs that have been issued but not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new or revised HKFRSs would have a material impact on its results of operations.

HKFRS 16, Leases

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognize and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognize interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 is primarily affected the Group's accounting as a lessee of leases for office premises, which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss and other comprehensive income over the period of the lease.

The Group elected to use the modified retrospective approach for the adoption of HKFRS 16 and recognised the cumulative effect of initial application without restating comparative information.

4. Revenue and Other Income and Other Losses

Revenue, which is also the Group's turnover, represents total invoiced value of goods supplied and services rendered. Revenue and other income and other losses recognised during the period are as follows:

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Revenue				
Service income from provision of financial information services	68	46	100	427
Advertising, investor relationship and branding promotion and communication services income	10,420	3,807	14,292	6,350
Brokerage commission and service income from securities and futures business	—	3	1	3
Loan interest income	—	27	—	263
Rental income	468	392	877	808
	10,956	4,275	15,270	7,851
Other income and other losses				
Interest income	3	3	5	5
Income from sharing of administrative expenses	609	573	1,215	1,342
Fair value change on financial assets at fair value through profit or loss	(922)	144	(1,033)	(2,619)
Sundry income	—	25	2	25
	(310)	745	189	(1,247)



5. Segment Information

The chief operating decision-maker has been identified as the executive directors of the Company (the “executive Directors”). The executive Directors have reviewed the Group’s internal reports in order to assess the performance and allocate resources; they have also determined the operating segments based on these reports. The executive Directors have further considered the business from product perspective and have assessed the performance of four main business segments: (i) Financial information services business; (ii) Securities and futures business; (iii) Money lending business; and (iv) Property investment.

At 30 September 2019, the Group is organized into four main operating segments:

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

Segment results for the six months ended 30 September 2019 about these businesses are as follows:

	Unaudited				Group HK\$'000
	Financial information, advertising and investor relationship services business HK\$'000	Securities and futures business HK\$'000	Money lending business HK\$'000	Property investment business HK\$'000	
Revenue	14,392	1	—	877	15,270
Segment results	(6,994)	(1,796)	(2)	(2,740)	(11,532)
Other income and other losses					189
Finance costs					(290)
Loss before income tax					(11,633)
Income tax credit, net					(33)
Loss for the period					(11,666)



	2019 HK\$'000
Revenue from contracts with customers	
— Service income from provision of financial information services	100
— Advertising and investor relationship service income	14,292
— Brokerage commission and services income from securities and future business	1
	14,393
Represented by:	
Timing of revenue recognition	
— At a point in time	14,292
— Over time	101
	14,393
Revenue from other sources	
— Rental income from investment properties	877
	877
	15,270

Segment results for the six months ended 30 September 2018 about these businesses are as follows:

	Unaudited				Group HK\$'000
	Financial information, advertising and investor relationship services business HK\$'000	Securities and futures business HK\$'000	Money lending business HK\$'000	Property investment business HK\$'000	
Revenue	6,777	3	263	808	7,851
Segment results	(12,210)	(1,935)	258	(1,415)	(15,302)
Other income and other losses					(1,247)
Finance costs					(251)
Loss before income tax					(16,800)
Income tax credit, net					204
Loss for the period					(16,596)

The segment assets and liabilities at 30 September 2019 are as follows:

	Unaudited				Group HK\$'000
	Financial information, advertising and investor relationship services business HK\$'000	Securities and futures business HK\$'000	Money lending business HK\$'000	Property investment business HK\$'000	
Assets	80,165	12,544	52	32,700	125,461
Liabilities	64,403	3,487	—	257	68,147

The segment assets and liabilities at 31 March 2019 are as follows:

	Unaudited				Group HK\$'000
	Financial information, advertising and investor relationship services business HK\$'000	Securities and futures business HK\$'000	Money lending business HK\$'000	Property investment business HK\$'000	
Assets	70,090	12,552	48	38,033	120,723
Liabilities	34,996	310	257	16,818	52,381

6. Finance Costs

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Interest expenses on				
— bank borrowings	135	136	261	251
— Lease liabilities	8	—	29	—
	143	136	290	251

7. Loss Before Income Tax

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Loss before income tax is arrived at after charging/(crediting):				
Operating lease charges				
— rental of office premises	—	1,781	—	3,770
Depreciation of property, plant and equipment	470	713	958	1,480
Depreciation of right-of-use assets	976	—	1,953	—
Fair value change on financial assets at fair value through profit or loss	(202)	(144)	(314)	2,619
Staff costs, including directors' emoluments				
— salaries and allowances	7,626	6,543	15,037	13,906

8. Income Tax Expense

The Company was incorporated in the Cayman Islands as an exempted company and, accordingly, was exempted from payment of Cayman Islands income tax. The Company was deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda effective on 16 June 2011. Accordingly, the Company is now exempted from payment of Bermuda income tax. The Company's subsidiaries established in the British Virgin Islands were exempted from payment of the British Virgin Islands income tax.

The provision for Hong Kong Profits Tax is calculated at 16.5% during the six months ended 30 September 2019 (2018: 16.5%) of the estimated assessable profits. No Hong Kong profits tax has been provided for the six months ended 30 September 2019 (2018: Nil) as the Group had no assessable profit arising in or derived from Hong Kong for the period.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the PRC subsidiaries are subject to Enterprise Income Tax of tax rate of 25%. No Enterprise Income Tax for the PRC subsidiary has been provided during the six months ended 30 September 2019 (2018: HK\$114,000).

The PRC income tax of approximately HK\$64,000 during the six months ended 30 September 2019 (2018: HK\$81,000) was mainly attributable to the net rental income from the investment properties of the Company in the PRC.



9. Dividend

The Board does not recommend the payment of dividend for the six months ended 30 September 2019 (2018: Nil).

10. Loss Per Share

a) Basic

The calculation of basic loss per share is based on the loss attributable to owners of the Company for the three months and six months ended 30 September 2019 of approximately HK\$2,468,000 and HK\$10,900,000 respectively (three months and six months ended 30 September 2018: loss of approximately HK\$6,514,000 and HK\$16,988,000 respectively) and on the weighted average number of 666,538,774 shares in issue during the three months and six months ended 30 September 2019 (three months and six months ended 30 September 2018: weighted average number of 666,538,774 shares in issue).

b) Diluted

The computation of diluted loss per share for the three months and six months ended 30 September 2019 and 2018 did not assume the exercise of the Company's outstanding share options during those periods since they are anti-dilutive, as their exercise would result in a decrease in loss per share.

11. Accounts Receivable

		Unaudited 30 September 2019 HK\$'000	Audited 31 March 2019 HK\$'000
Trade receivables	(i)	8,652	8,344
		8,652	8,344

- (i) The credit terms granted by the Group to its customers of financial information services business range from 10 days to 90 days. An aging analysis of trade receivables as at the end of the reporting period is as follows:

	Unaudited 30 September 2019 HK\$'000	Audited 31 March 2019 HK\$'000
0-30 days	8,329	7,849
31-60 days	141	47
61-90 days	77	408
Over 90 days	105	40
	8,652	8,344

12. Financial Assets at Fair Value through Profit or Loss

	Unaudited 30 September 2019 HK\$'000	Audited 31 March 2019 HK\$'000
Equity securities listed in Hong Kong, at fair value:		
Daisho Microline Holdings Limited (SEHK: 0567)	162	240
Xiaomi Corporation (SEHK: 1810)	802	1,038
	964	1,278

The fair value of all equity securities are based on their current market prices in an active market. At 30 September 2019, the Group held listed equity securities with a total market value of approximately HK\$964,000 (At 31 March 2019: HK\$1,278,000).

During the six months ended 30 September 2019, the realized loss and unrealized loss on financial assets at fair value through profit or loss were HK\$nil and approximately HK\$1,033,000 respectively (six months ended 30 September 2018: approximately HK\$2,415,000 and approximately HK\$204,000 respectively).

13. Accounts Payable

	Unaudited 30 September 2019 HK\$'000	Audited 31 March 2019 HK\$'000
Accounts payable arising from securities broking		
— Clients	869	240
Accounts payable arising from futures broking		
— Clients	29	13
Other accounts payable	1,632	1,630
	<u>2,530</u>	<u>1,883</u>

An aging analysis of accounts payable to suppliers of financial information services business as at the end of the reporting period is as follows:

	Unaudited 30 September 2019 HK\$'000	Audited 31 March 2019 HK\$'000
0–30 days	—	—
31–60 days	—	—
61–90 days	—	—
Over 90 days	1,632	1,630
	<u>1,632</u>	<u>1,630</u>

14. Borrowings

	Unaudited 30 September 2019 HK\$'000	Audited 31 March 2019 HK\$'000
Secured bank loans	13,468	14,436

At 30 September 2019, the borrowings of approximately HK\$1,968,000 (31 March 2019: approximately HK\$2,436,000) carried at floating rate of Hong Kong Interbank Offer Rate ("HIBOR") plus 1.25% per annum (31 March 2019: at floating rate of HIBOR plus 1.25% per annum). At 30 September 2019, the borrowings of approximately HK\$11,500,000 (31 March 2019: approximately HK\$12,000,000) carried at floating rate of HIBOR plus 1.75% per annum (31 March 2018: at floating rate of HIBOR plus 1.75% per annum). The carrying amounts of the borrowings are denominated in Hong Kong dollars.

The borrowings was pledged by certain land and buildings of the Group and a personal guarantee was given by the chairman of the Company for the Group's certain borrowings as at 30 September 2019 and 31 March 2019 respectively.

The bank 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.

15. Share Capital

	Number of ordinary shares of HK\$0.01 each	Nominal value ordinary shares HK\$'000
Authorised:		
At 31 March 2019 and 30 September 2019	15,000,000,000	150,000
Issued and fully paid:		
At 31 March 2019 and 30 September 2019	666,538,774	6,665

The owners of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

16. Related Party Transactions

In addition to the transactions and balances disclosed elsewhere in the unaudited condensed consolidated financial statements, the Group had the following related party transactions during the period:

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Incomes from sharing of administrative expenses received from International Link Limited (<i>note i</i>)	135	122	270	390
Incomes from sharing of administrative expenses received from Maxx Capital Finance Limited (<i>note i</i>)	474	451	945	952
Interest expenses on Lease Liabilities paid to Cyber Feel Limited (<i>note i</i>)	8	—	29	—
Rental expenses paid to Cyber Feel Limited (<i>note i</i>)	990	990	1,981	1,981
Rental expenses paid to Great Heep International Investment Limited (<i>note i</i>)	—	87	—	174
Loan interest income from the Group's subsidiary director (<i>note ii</i>)	—	—	—	128

Note:

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

17. Fair Value Measurement

Financial instruments that are measured in the unaudited condensed consolidated financial statement at fair value require disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: 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); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

	Unaudited 30 September 2019 Level 1 HK\$'000	Audited 31 March 2019 Level 1 HK\$'000
Financial assets at fair value through profit or loss — Equity securities listed in Hong Kong	964	1,278

There were no transfer between Level 1, Level 2 and Level 3 during the periods.

18. Comparative Figures

Certain comparative figures have been re-classified in order to conform with the presentation of current period.



MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, 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 have continued to multiply. Being the only Cantonese and Chinese bilingual financial TV in Hong Kong, FinTV brings investors and financial elites in Greater China the latest professional report, through television, internet and mobile channels at the same time. The Group believes that the FinTV will be one of the major driver for future growth in business.

Media Business

The Group mainly conducted its media business through the establishment of Xian Dai TV Limited together with a number of subsidiaries (“Xian Dai”). In addition to the production and distribution of programmes through the branding “FinTV”, Xian Dai also engaged in financial public relationship and creative advertising.

Property Investment Business

The investment property in the PRC continued to provide stable income and positive contribution to the financial results of the Group.

Money Lending Business

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

Financial Information, Advertising and Investor Relationship Service Business

The Group continued to generate service income from provision of financial information service business. The income from the financial information, advertising and investor relationship service business slightly increased in this financial period.



Securities Business

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

Financial Review

The Group reported a turnover of approximately HK\$15,270,000 for the six months ended 30 September 2019, representing an increase of approximately 94.5% from approximately HK\$7,851,000 for the same period in 2018.

During the six months ended 30 September 2019, the Group recorded cost of sales amounting to approximately HK\$1,302,000, representing a decrease of 6.1% from approximately HK\$1,386,000 for the same period in 2018.

Other income and other losses of the Group for the six months ended 30 September 2019 was a gain of approximately HK\$189,000 (six months ended 30 September 2018: a loss of approximately HK\$1,247,000), which represented a turnaround situation when compared to that of last year. The increase was mainly attributable to the significant decrease in loss from the fair value change on financial assets at fair value through profit or loss.

General and administrative expenses of the Group for the six months ended 30 September 2019 was approximately HK\$24,968,000 (six months ended 30 September 2018: HK\$21,697,000), which represented an increase of approximately 15.1% when compared to that period of last year. The increase was mainly due to the increase in approximately HK\$1,442,000 of general provision in impairment loss of trade receivable, the recognition of approximately HK\$689,000 of fair value of the granted share options, the recognition of approximately HK\$475,000 of research and development cost on mobile apps and the normal increase in staff cost and other expenses.

Finance costs for the six months ended 30 September 2019 was approximately HK\$290,000 (six months ended 30 September 2018 approximately HK\$251,000), which represented interest expenses on bank borrowings and lease liabilities. Finance costs for the six months ended 30 September 2019 included approximately HK\$29,000 of interest expenses on lease liabilities and approximately HK\$261,000 of interest expenses on bank borrowings.

The Group's unaudited consolidated loss attributable to the owners of the Company for the six months ended 30 September 2019 was approximately HK\$10,900,000 (six months ended 30 September 2018: loss of HK\$16,988,000).



Liquidity and Financial Resources

At 30 September 2019, the net current asset of the Group was approximately HK\$10,334,000 (At 31 March 2019: HK\$4,373,000); the total equity of the Group was approximately HK\$57,314,000 (At 31 March 2019: HK\$68,342,000); the cash and cash equivalents of the Group was approximately HK\$18,373,000 (At 31 March 2019: HK\$12,749,000).

Borrowings

At 30 September 2019, the Group had total outstanding bank borrowings of approximately of HK\$13,468,000 (At 31 March 2019: HK\$14,436,000).

Charges of Assets

At 30 September 2019, certain property, plant and equipment of the Group with aggregate carrying value of approximately HK\$51,660,000 (At 31 March 2019: HK\$52,200,000) were pledged as securities for the borrowing facilities of the Group.

Gearing Ratio

The Group's gearing ratio, representing total bank borrowings divided by total equity, was approximately 23.5% based on total borrowings of approximately HK\$13,468,000 as at 30 September 2019 (At 31 March 2019: approximately 21.1% based on total borrowings of approximately HK\$14,436,000).

Prospect

We will continue to allocate our resources to strengthen our leading position in providing financial news services. With our competitive edge and strength arising from our integrated multiple platforms in our three vertical websites and two mobile App (Finet.hk, FinTV.hk, Fin. com.cn, FinTV APP, Finet Finance APP), we can achieve a further improvement in our market share in the media industry in China and Hong Kong, and further strengthen our Digital marketing business development.

We will continue to strengthen our sales and marketing team to boost and diversify the Group revenue. 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 will continue to support the growth and expansion of our IR business.

The Group continues to host the TOP 100 HK awards Ceremony events that created a strong foundation for us to develop the event management business and to achieve lots of reputation and recognition in China included Hong Kong.

Meanwhile, Finet Securities Limited (“Finet Securities”), our securities arm, continue 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.

The board of Directors (the “Board”) acknowledges that the performances of the equity investments may mainly be affected by worldwide economy and the degree of volatility in the PRC and Hong Kong stock markets, and susceptible to other external factors that may affect its value. In order to mitigate possible financial risk related to the equity investments, the management will closely monitor the performances of the equity investments and the changes of market condition.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group did not have any material acquisitions and disposals of subsidiaries and associated companies during the reporting period.

Exposure to Fluctuation in Exchange Rates

The Group holds investment properties in Renminbi. The Group is therefore exposed to currency risks, as the value of the assets will fluctuate due to change in exchange rates. The risk of currency exposure is considered to be insignificant by the Directors and specific hedges may be taken out if necessary in the future.

Contingent Liabilities

At 30 September 2019, the Group had no significant contingent liabilities (At 31 March 2019: Nil).

Employee Information

At 30 September 2019, the Group had 111 (At 31 March 2019: 105) full-time employees (including directors) in Hong Kong and the PRC.

The total staff costs (including Directors' remuneration) for the six months ended 30 September 2019 was approximately HK\$15,037,000 (2018: HK\$13,906,000). Other benefits provided by the Group to the employees include contribution to the mandatory provident fund under the Mandatory Provident Fund Schemes Ordinance and medical coverage.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 September 2019, 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 Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept under section 352 of the SFO) or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in 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 <i>(Note 3)</i>
		Beneficial owner	Interest of controlled corporation	Beneficial owner <i>(Note 2)</i>	Interest of controlled corporation		
Executive Director:							
Ms. LO Yuk Yee ("Ms. LO")	The Company	43,458,058 (L)	391,597,678 (L)	660,000	—	—	65.37%
Ms. LO	Maxx Capital International Limited ("Maxx Capital") <i>(Note 1)</i>	—	2 shares of US\$1 each	—	—	2 shares of US\$1 each	100%
Ms. LO	Pablos International Limited ("Pablos") <i>(Note 1)</i>	1,000 shares of US\$1 each	—	—	—	1,000 shares of US\$1 each	100%
Mr. LEE Yu Chung ("Mr. Lee")	The Company	—	—	2,000,000	—	—	0.3%

(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 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. Ms. Lo and Mr. Lee were granted 660,000 and 2,000,000 share options respectively during the six months ended 30 September 2019 under the share option scheme of the Company adopted on 4 September 2014 and deemed to be interested in 660,000 and 2,000,000 respectively underlying in respect of the share options granted.
3. As at 30 September 2019, the Company had 666,538,774 ordinary shares of HK\$0.01 each in issue.

Save as disclosed above, as at 30 September 2019, 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 30 September 2019, so far as the Directors are aware, persons other than Directors or chief executives of the Company who 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, were as follows:

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)	660,000	435,055,736 (L)	65.37%
	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%
Li Wenjun	Beneficial Owner	39,000,000 (L)	—	39,000,000 (L)	5.85%

(L) denotes long positions

Notes:

- 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.
- As at 30 September 2019, the Company had 666,538,774 ordinary Shares held HK\$0.01 each in issue.

PUBLIC FLOAT

The Directors will not repurchase the Shares on GEM if the repurchase would result in the number of the listed securities which are in the hands of the public falling below 25%, being the relevant minimum prescribed percentage for the Company as required by the GEM Listing Rules.

MOVEMENT OF OPTIONS

Details of movements of the share options granted under the share option scheme adopted on 4 September 2014 for the six months ended 30 September 2019 are as follows:

Name of grantee	Date of grant <i>(Note 1)</i>	Exercise price	Number of share options			Balance as at 30 September 2019
			Balance as at 1 April 2019	Granted during the period	Lapsed during the period	
Executive Directors:						
Ms. Lo	17 April 2019	HK\$0.49	—	660,000	—	660,000
Mr. Lee	17 April 2019	HK\$0.49	—	2,000,000	—	2,000,000
Employee	17 April 2019	HK\$0.49	—	<u>14,500,000</u>	—	<u>14,500,000</u>
Total			—	<u>17,160,000</u>	—	<u>17,160,000</u>

Note:

- For share options granted on 17 April 2019

Validity period: From 17 April 2019 ("Date of grant") to 3 September 2024 (both days inclusive)

Vesting period: 3 years after 17 April 2019 100%



OUTSTANDING UNLISTED WARRANTS

As at 30 September 2019, the Company did not have any outstanding warrants.

OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS

Save as disclosed above, the Directors are not aware of other person who, as at 30 September 2019, 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.

COMPETING INTERESTS

None of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the six months ended 30 September 2019.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in accordance with Rule 5.28 of the GEM Listing Rules. The audit committee of the Company comprises 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 of the Company are to review and supervise the financial reporting process and internal control procedures of the Group.

The unaudited condensed consolidated financial statements results of the Group for the six months ended 30 September 2019 have been reviewed by the audit committee of the Company.

DIRECTORS' INTEREST IN CONTRACTS

Except for the transactions stated in Note 16 to the unaudited condensed consolidated financial statements, no contracts of significance in relation to the Group's business to which the Group was a party and in which any of the Directors had a material interest, whether directly or indirectly, subsisted during or at the end of the six months ended 30 September 2019 or at any time during such period (2018: Nil).



SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealing as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the six months ended 30 September 2019. 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 six months ended 30 September 2019.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY LISTED SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 September 2019.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 15 to the GEM Listing Rules during the six months ended 30 September 2019, 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 is the chairman of our Board and she has been managing the Group's business and supervising the overall operations of the Group since 2011. The Directors consider that vesting the roles of the chairman of the Board and the chief executive officer of the Company in Ms. Lo is beneficial to the management and business development of the Group and will provide a strong and consistent leadership to the Group. The Board will continue to review and consider separating the roles of the chairman of the Board and the chief executive officer at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

By Order of the Board

LO Yuk Yee

Chairman and executive Director

Hong Kong, 11 November 2019

As at the date of this report, the executive Directors are Ms. LO Yuk Yee and Mr. Lee Yu Chung; and the independent non-executive Directors are Mr. WONG Wai Kin, Mr. SIU Siu Ling, Robert and Mr. LEUNG Chi Hung.