



First Quarterly Report  
**2021/2022**



# MOVING FORWARD

- HONG KONG
- SHENZHEN
- BEIJING



財華社  
**FINET**

**Finet Group Limited**

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



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## **CHARACTERISTICS OF 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 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\$4,194,000 for the three months ended 30 June 2021, representing a decrease of approximately 24.8% from approximately HK\$5,579,000 for the same period in 2020.
- The Group's unaudited consolidated loss attributable to the owners of the Company for the three months ended 30 June 2021 was approximately HK\$5,742,000.
- The Board does not recommend the payment of dividend for the three months ended 30 June 2021.

The board of Directors (the “Board”) is pleased to present the unaudited results of the Group for the three months ended 30 June 2021, together with the comparative unaudited figures for the corresponding period in 2020 as follows:

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 30 June 2021

	Notes	For the three months ended 30 June	
		2021 HK\$'000	2020 HK\$'000
<b>Revenue</b>	3	<b>4,194</b>	5,579
Cost of sales		(164)	(178)
<b>Gross profit</b>		<b>4,030</b>	5,401
Other income and other losses	3	803	1,367
Selling and marketing expenses		(10)	(115)
General and administrative expenses		(9,360)	(8,647)
Finance costs		(222)	(111)
<b>Loss before income tax</b>		<b>(4,759)</b>	(2,105)
Income tax expense	4	(39)	(33)
<b>Loss for the period</b>		<b>(4,798)</b>	(2,138)
<b>Loss for the period attributable to:</b>			
— Owners of the Company		(5,742)	(2,781)
— Non-controlling interests		944	643
		<b>(4,798)</b>	(2,138)
<b>Loss per share for loss attributable to owners of the Company during the period</b>			
— Basic and diluted (in HK cents)	6	<b>(0.86)</b>	(0.42)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2021

	Notes	For the three months ended 30 June	
		2021 HK\$'000	2020 HK\$'000
<b>Loss for the period</b>		<b>(4,798)</b>	(2,138)
<b>Other comprehensive (expense)/income:</b>			
Currency translation differences		(46)	325
<b>Other comprehensive (expense)/income for the period, net of tax</b>		<b>(46)</b>	325
<b>Total comprehensive expense for the period</b>		<b>(4,844)</b>	(1,813)
<b>Total comprehensive expense for the period attributable to:</b>			
— Owners of the Company		(5,788)	(2,456)
— Non-controlling interests		944	643
		<b>(4,844)</b>	(1,813)



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. General Information

Finet Group Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in (i) the development, production and provision of financial information, advertising and investor relationship services and technology solutions to corporate and retail clients in Hong Kong and the People’s Republic of China (the “PRC”); (ii) provision of brokerage, underwriting and asset management services; (iii) money lending business; and (iv) property investments. The principal activity of the Company is investment holding.

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

The Company’s shares have been listed on 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 12 August 2021.

### 2. Basis of Preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) 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 2021.

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 investments, which are carried at fair value, as appropriate.

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 2021.

In the current reporting period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 April 2021.

The Group has not yet applied new or revised HKFRSs that have been issued but not yet effective, and will apply such standards when they become effective. The Group anticipates that the application of such new or revised HKFRSs have no material impact on the results and the financial position of the Group.

### 3. 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:

	<b>Unaudited</b>	
	<b>For the three months</b>	
	<b>ended 30 June</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
<b>Revenue</b>		
Service income from provision of financial information service	136	98
Advertising and investor relationship service income	3,574	4,704
Commission from brokerage and underwriting services	92	449
Loan interest income	8	—
Rental income from investment properties	384	328
	<b>4,194</b>	5,579
<b>Other income and other losses</b>		
Fair value change on financial assets at fair value through profit or loss	—	237
Income from sharing of administrative expenses	787	720
Government subsidies	—	408
Interest income	5	2
Sundry income	11	—
	<b>803</b>	1,367



#### 4. Income Tax Expense

No Hong Kong profits tax has been provided for the three months ended 30 June 2021 (2020: Nil) as the Group had no assessable profit arising in or derived from Hong Kong for the period.

The PRC income tax of approximately HK\$39,000 was paid/payable during the three months ended 30 June 2021 (2020: HK\$33,000) for the net rental income from the investment properties of the Company in the PRC.

#### 5. Dividend

The Board does not recommend the payment of dividend for the three months ended 30 June 2021 (2020: Nil).

#### 6. Loss Per Share

##### (a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company for the three months ended 30 June 2021 of approximately HK\$5,742,000 (2020: HK\$2,781,000) by the number of 666,538,774 (2020: 666,538,774) ordinary shares in issue during the period.

##### (b) Diluted

The computation of diluted loss per share for the three months ended 30 June 2021 and 2020 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.

## 7. Movement of Reserves

### For the three months ended 30 June 2021 (Unaudited)

	Attributable to owners of the Company								Total	Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Employee compensation reserve	Other reserve	Translation reserve	Property revaluation reserve	Accumulated losses			
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
<b>Balance at 1 April 2020</b>	6,665	320,095	4,870	360	3,757	3,014	9,989	(285,103)	63,647	(7,536)	56,111
Loss for the period	—	—	—	—	—	—	—	(2,781)	(2,781)	643	(2,138)
<b>Other comprehensive income</b>											
Currency translation differences	—	—	—	—	—	325	—	—	325	—	325
Total other comprehensive income	—	—	—	—	—	325	—	—	325	—	325
<b>Total comprehensive expenses</b>	—	—	—	—	—	325	—	(2,781)	(2,456)	643	(1,813)
Employee compensation reserves	—	—	—	90	—	—	—	—	90	—	90
<b>Balance at 30 June 2020</b>	6,665	320,095	4,870	450	3,757	3,339	9,989	(287,884)	61,281	(6,893)	54,388
<b>Balance at 1 April 2021</b>	6,665	320,095	4,870	674	3,757	2,523	9,989	(297,933)	50,640	(7,277)	43,363
Loss for the period	—	—	—	—	—	—	—	(5,742)	(5,742)	944	(4,798)
<b>Other comprehensive expense</b>											
Currency translation differences	—	—	—	—	—	(46)	—	—	(46)	—	(46)
Total other comprehensive expense	—	—	—	—	—	(46)	—	—	(46)	—	(46)
<b>Total comprehensive expenses</b>	—	—	—	—	—	(46)	—	(5,742)	(5,788)	944	(4,844)
Employee compensation reserves	—	—	—	149	—	—	—	—	149	—	149
<b>Balance at 30 June 2021</b>	6,665	320,095	4,870	823	3,757	2,477	9,989	(303,675)	45,001	6,333	38,668

## 8. 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 June	
	2021 HK\$'000	2020 HK\$'000
Income from financial information services received from Top 100 Hong Kong Listed Companies Research Centre Company Limited ("Top 100") (Note i)	625	—
Income from sharing of administrative expenses received from International Links Limited (Note i)	180	300
Income from sharing of administrative expenses received from Maxx Capital Finance Limited (Note i)	406	420
Income from sharing of administrative expenses received from China Hong Kong Finance Group Limited (Note i)	201	—
Rental expenses paid to Cyber Feel Limited (Note i)	1,014	1,014

Note:

- (i) Top 100, International Links Limited, Maxx Capital Finance Limited, China Hong Kong Finance Group Limited and Cyber Feel Limited are beneficially owned by Ms. LO, the chairman and the executive director of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

We are an integrated platform hosting news media, public relationship and social networking services for listed companies and investors. We have 5 operation units, Finet.hk, FinTV.hk, Finet.com.cn, FinTV APP and Finet Finance Pro APP which are formed by 3 websites and 2 mobile applications. Our primary focus of our operations is in Financial P R and branding for listed companies. Through an array of new media facilities we controlled our operating costs and improved our operation efficiency. Through the distribution of high quality contents we have obtained a general recognition of our services in the market.

### Financial Information, Advertising and Investor Relationship Service Business

The service income generated from advertising and investor relationship business continues to be the major source of revenue of our Group. A decrease in revenue is mainly due to the adverse impact of COVID-19. There were more backlog orders rendered in the same period last year, which had been secured prior to the outbreak of COVID-19.

Service income from provision of financial information service was relatively insignificant in recently years.

### Property Investment Business

The investment properties in the PRC continued to provide stable income to the Group.

### Securities Business

Due to the keen competition within the market, the Group's securities business is still a challenging task in this period. Revenue during the period is mainly arising from services rendered for securities transaction.

### Money Lending Business

Loan interest income from the money lending business generated during the three months ended 30 June 2021 amount to HK\$8,000 (2020: Nil).



## Financial Review

The Group reported a turnover of approximately HK\$4,194,000 for the three months ended 30 June 2021, representing a decrease of approximately 24.8% from approximately HK\$5,579,000 for the same period in 2020.

Other income and other losses for the three months ended 30 June 2021 was a gain of approximately HK\$803,000 (2020: HK\$1,367,000), which represented a decrease of approximately 41.3% compared to that of last year. The decrease was mainly due to: (i) the decrease of fair value gain on financial assets at fair value through profit or loss of approximately HK\$237,000 and (ii) government subsidies of approximately HK\$408,000, mainly from the Employment Support Scheme in Hong Kong.

During the three months ended 30 June 2021, the Group recorded cost of sales amounting to approximately HK\$164,000 representing a decrease of 7.9% from approximately HK\$178,000 for the same period in 2020.

General and administrative expenses for the three months ended 30 June 2021 was approximately HK\$9,360,000 (2020: approximately HK\$8,647,000), which represented an increase of approximately 8.2% compared to that of last year mainly due to increase in staff costs.

Finance cost for the three months ended 30 June 2021 were the interest expenses on bank borrowings of approximately 219,000 (2020: HK\$97,000) and the interest expenses on lease liabilities of approximately 3,000 (2020: HK\$14,000). The increase was due to increase in bank borrowings.

The Group's unaudited consolidated loss attributable to the owners of the Company for the three months ended 30 June 2021 was approximately HK\$5,742,000 (2020: HK\$2,781,000).

## Significant Investment Held, Material Acquisition and Disposal of Subsidiaries

During the period ended 30 June 2021, the Group did not have significant investments or material acquisition or disposals (At 31 March 2021: Nil).

### **Charges of Assets**

As at 30 June 2021, the Group's property, plant and equipment and investment property with an aggregate carrying value of approximately HK\$83,070,000 (At 31 March 2021: HK\$83,340,000) was pledged as security for the banking facilities of the Group.

### **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.

### **Contingent Liabilities**

At 30 June 2021, the Group had no significant contingent liabilities (At 31 March 2021: Nil).

### **Employee Information**

At 30 June 2021, the Group had 89 (At 31 March 2021: 86) full-time employees in Hong Kong and the PRC.

The total staff costs (including Directors' remuneration) for the three months ended 30 June 2021 was approximately HK\$5,980,000 (2020: HK\$5,297,000). 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 June 2021, 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		% of shares in issue (Note 2)
		Beneficial owner	Interest of controlled corporation	
<b>Executive Directors:</b>				
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 ordinary shares	100%
Ms. LO	Pablos International Limited ("Pablos") (Note 1)	1,000 ordinary shares	—	100%
Ms. LO	Wise Capital International Limited (Note 1)	1,000 ordinary shares	—	100%
Ms. LO	Shine Kingdom Inc Limited (Note 1)	2 ordinary shares	—	100%

(L) denotes long positions

*Notes:*

1. 343,997,678 ordinary shares were held by Maxx Capital which was wholly-owned by Pablos, and Pablos was wholly owned by Ms. LO. 33,000,000 and 14,600,000 shares were held by Wise Capital International Limited and Shine Kingdom Inc Limited respectively. Accordingly, Ms. LO were deemed by virtue of the SFO to be interested in 435,055,736 ordinary shares.
2. As at 30 June 2021, the Company had 666,538,774 ordinary shares in issue.

Save as disclosed above, as at 30 June 2021, 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 June 2021, 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 Substantial Shareholders	Capacity	Number of Shares held	Approximate percentage of existing shareholding (Note 2)
Pablos (Note 1)	Interest of Controlled Corporation	343,997,678 (L)	51.61%
Maxx Capital (Note 1)	Beneficial Owner	343,997,678 (L)	51.61%
Broadgain International Limited	Beneficial Owner	47,052,000 (L)	6.57%
WANG Yuan	Beneficial Owner	39,000,000 (L)	5.85%

(L) denotes long positions

#### Notes:

- 343,997,678 ordinary shares 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 June 2021, the Company had 666,538,774 ordinary shares 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 30 June 2021, 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 share option scheme adopted on 4 September 2014 for the three months ended 30 June 2021 are as follows:

Name of grantee	Date of grant (Note 1)	Exercise price	Number of share options			Balance as at 30 June 2021
			Balance as at 1 April 2021	Granted during the period	Forfeited during the period	
Employee	1 December 2020	HK\$0.64	20,200,000	—	(300,000)	19,900,000

Note:

- For share options granted on 1 December 2020

Validity period: From 1 December 2020 ("Date of grant") to 3 September 2024 (both days inclusive)

Vesting period: 2 years after 1 December 2020

## 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 three months ended 30 June 2021.

## 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.



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The unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2021 have been reviewed by the audit committee of the Company.

## **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 and 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 throughout the three months ended 30 June 2021, 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 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.

## **DIRECTORS' INTEREST IN CONTRACTS**

Except for the transactions stated in Note 8 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 three months ended 30 June 2021 or at any time during such period (2020: 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 three months ended 30 June 2021. 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 three months ended 30 June 2021.

## **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 three months ended 30 June 2021.

By Order of the Board

**LO Yuk Yee**

*Chairman and Executive Director*

Hong Kong, 12 August 2021

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