



# FINET GROUP LIMITED

## 財華社集團有限公司

*(incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8317)

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST MARCH, 2005

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

**GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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.**

**The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.**

*The Stock Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement, for which the directors of Finet Group Limited (the Directors) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to Finet Group Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## **RESULTS HIGHLIGHT**

- The Company's shares have been listed on the GEM of the Stock Exchange since 7th January, 2005.
- The Group reported a turnover of approximately HK\$21,714,000 for the year ended 31st March, 2005, representing an increase of approximately 15% from approximately HK\$18,962,000 of last corresponding year.
- The Group's audited consolidated profit attributable to shareholders for the year ended 31st March, 2005 was approximately HK\$1,455,000, representing a decrease of approximately 12% from approximately HK\$1,655,000 of last corresponding year.
- The board of directors does not recommend the payment of dividend for the year ended 31st March, 2005.

## ANNUAL RESULTS

The board of Directors of Finet Group Limited (the “Company”) are pleased to present the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March, 2005 as follows:

### CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	<b>2005</b> <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Turnover	3	<b>21,714</b>	18,962
Cost of sales		<b>(5,994)</b>	(5,245)
Gross profit		<b>15,720</b>	13,717
Other revenue	3	<b>326</b>	1
Selling expenses		<b>(539)</b>	(600)
General and administrative expenses		<b>(14,052)</b>	(11,463)
Profit before taxation	5	<b>1,455</b>	1,655
Taxation	6	<b>–</b>	–
Profit attributable to shareholders		<b><u>1,455</u></b>	<u>1,655</u>
Dividend	7	<b><u>–</u></b>	<u>–</u>
Earnings per share			
– Basic	8	<b><u>HK0.4 cents</u></b>	<u>HK0.4 cents*</u>
– Diluted	8	<b><u>HK0.3 cents</u></b>	<u>N/A</u>

\* *Restated*

# CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2005

	<i>Notes</i>	<b>2005</b> <i>HK\$'000</i>	2004 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>2,546</b>	2,303
Rental deposits		–	161
		<hr/>	<hr/>
		<b>2,546</b>	2,464
<b>Current assets</b>			
Short-term investments		<b>2,163</b>	–
Amount due from holding company		<b>25</b>	193
Accounts receivable	9	<b>1,758</b>	893
Prepayments, deposits and other current assets		<b>1,143</b>	636
Cash at banks and in hand		<b>20,622</b>	3,376
		<hr/>	<hr/>
		<b>25,711</b>	5,098
<b>Current liabilities</b>			
Accounts payable	10	<b>524</b>	1,293
Accruals and other payables		<b>1,079</b>	2,210
		<hr/>	<hr/>
		<b>1,603</b>	3,503
<b>Net current assets</b>			
		<hr/>	<hr/>
		<b>24,108</b>	1,595
<b>Total assets less current liabilities/Net assets</b>			
		<hr/>	<hr/>
		<b>26,654</b>	4,059
<b>CAPITAL AND RESERVES</b>			
<b>Share capital</b>			
Share capital	11	<b>4,938</b>	2,607
<b>Reserves</b>			
Reserves	12	<b>21,716</b>	1,452
		<hr/>	<hr/>
<b>Shareholders' funds</b>			
		<hr/>	<hr/>
		<b>26,654</b>	4,059

## NOTES

### 1. Company information

The Company was incorporated in the Cayman Islands with limited liability on 24th June, 2002. Its shares have been listed on the GEM of the Stock Exchange since 7th January, 2005.

## 2. Basis of preparation of the financial statements

The audited financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. They have been prepared under the historical cost convention as modified by the revaluation of certain investments.

The audited financial statements for the year ended 31st March, 2005 have been reviewed by the audit committee.

## 3. Turnover and revenue

Turnover comprises (i) income from information solutions services, (ii) income from advertisement on website, and (iii) the net invoice value of merchandise sold after allowances for returns and discounts.

Analysis of turnover and revenue is as follows:

	<b>2005</b> <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Service income	<b>20,937</b>	17,682
Advertising income	<b>614</b>	577
Sales of merchandise	<b>163</b>	703
	<hr/>	<hr/>
Total turnover	<b>21,714</b>	18,962
	<hr/>	<hr/>
Realised gain on disposal of short-term investments	<b>319</b>	–
Exchange gain	<b>5</b>	–
Interest income	<b>2</b>	1
	<hr/>	<hr/>
Total revenue	<b>326</b>	1
	<hr/>	<hr/>
Total turnover and revenue	<b>22,040</b>	18,963
	<hr/> <hr/>	<hr/> <hr/>

## 4. Segment Information

The Group has only one business segment, which is the provision of financial information services and internet advertising. The Group's assets are mainly located in Hong Kong. During the year ended 31st March, 2005, over 90% of the Group's revenue is derived from customers located in Hong Kong. Accordingly, no separate business and geographical segment information is prepared.

## 5. Property, plant and equipment

### (i) Depreciation and amortisation

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using the straight line method, at the following rates per annum:

Leasehold improvements	over the lease terms
Computer equipment	20%
Office equipment	20%
Furniture and fixtures	20%

### (ii) Measurement bases

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use.

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the assets if it can be demonstrated that such expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the assets.

When assets are sold or retired, any gain or loss resulting from their disposal, being the difference between the net disposal proceeds and the carrying amount of the assets, is included in the income statement.

## 6. Taxation

The Company was incorporated in the Cayman Islands as an exempted company and, accordingly, is exempted from payment of Cayman Islands income tax. The Company's subsidiary established in the British Virgin Islands was exempted from payment of the British Virgin Islands income tax.

No Hong Kong profits tax has been provided for the year ended 31st March, 2005 (2004: nil) as the Group applied tax losses carried forward from prior years to offset the estimated assessable profit for the year.

No income tax was provided for the year ended 31st March, 2005 (2004: nil) for a subsidiary of the Company established in the People's Republic of China ("PRC") as the subsidiary had no assessable profits for the year ended 31st March, 2005.

## 7. Dividend

The board of directors does not recommend the payment of dividend for the year ended 31st March, 2005 (2004: nil).

## 8. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of HK\$1,455,000 (2004: HK\$1,655,000) and on the weighted average of 405,467,397 (2004: 378,640,000, restated) ordinary shares in issue during the year.

On 6th January, 2005, the Company made a capitalisation of shares against the share premium and allot and issue 117,990,000 ordinary shares as fully paid ordinary shares at par to the persons whose names appear on the register of members of the Company at the close of business on 5th January, 2005 pro-rata to their then existing shareholdings in the Company (the "Capitalisation"). The weighted average number of ordinary shares for the year ended 31st March, 2004, as if the Capitalisation had occurred on 1st April, 2003, was deemed to be 378,640,000 ordinary shares (260,650,000 ordinary shares before restatement).

The calculation of diluted earnings per share is based on 405,467,397 ordinary shares which is the weighted average number of shares in issue during the year plus the weighted average of 16,039,573 ordinary shares deemed to be issued if all the outstanding potential ordinary shares representing 73,376,000 share options granted with an exercise price of HK\$0.15 per share were exercised.

No diluted earnings per share for the year ended 31st March, 2004 is presented as there was no dilutive instruments at 31st March, 2004.

## 9. ACCOUNTS RECEIVABLE

The credit terms granted by the Group to its customers range from 14 days to 90 days. At 31st March, 2005, the ageing analysis of the trade receivables were as follows:

	<b>Group</b>	
	<b>2005</b>	2004
	<b>HK\$'000</b>	<b>HK\$'000</b>
0 – 30 days	<b>638</b>	610
31 – 60 days	<b>796</b>	193
61 – 90 days	<b>30</b>	3
Over 90 days	<b>294</b>	87
	<b>1,758</b>	<b>893</b>

## 10. ACCOUNTS PAYABLE

At 31st March, 2005, the ageing analysis of the trade payables were as follows:

	<b>Group</b>	
	<b>2005</b>	2004
	<b>HK\$'000</b>	<b>HK\$'000</b>
0 – 30 days	<b>391</b>	380
31 – 60 days	<b>49</b>	297
61 – 90 days	<b>12</b>	39
Over 90 days	<b>72</b>	577
	<b>524</b>	<b>1,293</b>

## 11. Share Capital

	2005		2004	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each at 1st April	700,000,000	7,000	700,000,000	7,000
Increase during the year	300,000,000	3,000	–	–
At 31st March	<u>1,000,000,000</u>	<u>10,000</u>	<u>700,000,000</u>	<u>7,000</u>
Issued and fully paid:				
At 1st April	260,650,000	2,607	260,650,000	2,607
Capitalisation	117,990,000	1,179	–	–
Issues of shares	115,200,000	1,152	–	–
At 31st March	<u>493,840,000</u>	<u>4,938</u>	<u>260,650,000</u>	<u>2,607</u>

Pursuant to an ordinary resolution passed on 16th December, 2004, the authorised share capital of the Company was increased from HK\$7,000,000 divided into 700,000,000 ordinary shares of HK\$0.01 each to HK\$10,000,000 by the creation of an additional 300,000,000 ordinary shares of HK\$0.01 each ranking pari passu in all respects with the existing shares of the Company.

Pursuant to the written resolutions of the Company dated 16th December, 2004, conditional on the share premium account of the Company being credited as a result of the new issue of shares in connection with the initial listing of the Company's shares on the GEM of the Stock Exchange, the directors were authorised to capitalise and apply the amount of HK\$1,179,900 from the amount outstanding to the credit of the share premium account as capital to pay up in full at par 117,990,000 shares for allotment and issue to the persons whose names appear on the register of members of the Company at the close of business on 5th January, 2005 pro-rata to their then existing shareholdings in the Company.

On 6th January, 2005, 115,200,000 shares of HK\$0.01 each were issued to placees at HK\$0.25 each for cash totalling HK\$28,800,000. The excess over the par value of the shares issued was credited to the share premium account.



## 12. Movement of Reserves

	Share premium <i>HK\$'000</i>	Share issuance costs <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1st April 2003	61,513	(2,881)	4,870	(62,741)	761
Profit for the year	–	–	–	1,655	1,655
Share issuance costs	–	(964)	–	–	(964)
Balance at 31st March 2004 and 1st April 2004	61,513	(3,845)	4,870	(61,086)	1,452
Profit for the year	–	–	–	1,455	1,455
Share issuance costs	–	(7,660)	–	–	(7,660)
Set off share issuance costs against share premium	(11,505)	11,505	–	–	–
Capitalisation	(1,179)	–	–	–	(1,179)
Issue of shares	27,648	–	–	–	27,648
Balance at 31st March, 2005	<u>76,477</u>	<u>–</u>	<u>4,870</u>	<u>(59,631)</u>	<u>21,716</u>

## BUSINESS REVIEW

The Group has established itself as one of the pioneering and leading providers of integrated financial information solutions in Greater China to incorporate multiple-market news, data, analyses and analytical tools into cutting-edge software and applications to serve financial institutions and the investment community. Since its inception, the Group has focused on content origination and aggregation as well as the development of application tools to facilitate timely delivery of professional financial information. Each year, the Group evolves into a better position financially and strategically, notwithstanding that the Group is now still a small-cap company measured both by market capitalization and business scale.

The Group focused on its core business in the 2004/2005 financial year – through providing integrated financial information solutions to banks, brokerage houses, listed companies, media and individual investors. The consolidated turnover of the Group for the financial year ended 31st March, 2005 was approximately HK\$21,714,000, representing an increase of 15% as compared to the financial year ended 31st March, 2004; while profit attributable to shareholders was HK\$1,455,000, representing a decrease of approximately 12% compared to the previous financial year. The Group recorded a net cash inflow from operations before working capital changes of approximately HK\$2,567,000, representing a decrease of approximately HK\$298,000 compared to the previous financial year.

Given that the Group was primarily providing financial information in Hong Kong in the past financial year, the continuing price competition and commoditization of single-market information service among Hong Kong-based market players remained the key factor affecting the Group's results in the past financial year. However, the Group remains optimistic about the market opportunities in providing an integrated multiple-market information platform in the Chinese language to the increasingly mobile Chinese investors who demand China, Hong Kong, Taiwan, U.S., Forex and fixed-income market data, news and analyses for trading and market intelligence, particularly from the more affluent PRC investors.

The Group launched the new version of Finet PowerStation developed on the latest Microsoft .NET technology in February 2005, so as to better service financial institutions and individual investors who require speedy data retrieval and service stability. Although not yet reflected in the financial results of the 2004/2005 financial year, the debut of Finet PowerStation built on .NET has been well received by customers in Greater China. Given its uniqueness and powerful functionalities as well as the strong market demand for such a multiple-market Chinese-language financial information product, we are confident that it will help the Group achieve further business growth and market share in the region's financial information services in the years ahead.

## **PROSPECTS**

Looking forward, the Group anticipates more demand for its products and services from the PRC financial institutions, media, listed companies and investors who will increasingly trade on multiple markets. The series of events to unfold in the next few years, namely, more Chinese companies to be listed on major stock markets around the globe, the likely launch of the qualified domestic institutional investor scheme and Renminbi appreciation or even becoming convertible, will further drive the demand for the Group's products and services, thus enhancing the Group's business growth. In order to capture the business opportunities resulting from such possible positive changes, the Group is seriously investing in IT infrastructure, human resources, research and development, and content origination and processing capabilities in the PRC and Hong Kong. By focusing on perfecting and aggressively marketing Finet PowerStation, we aim to be the No. 1 financial information provider for global Chinese investors, particularly for the massive PRC investors.

The Group will enhance the efforts to create long-term values for our shareholders. Besides continuing to improve the Group's results from existing sales channels, the Group will also explore more business opportunities by expanding into new markets such as Japan, Taiwan and Singapore and develop new distribution channels and other value-added products and services such as wireless Internet services to capture the business opportunities in the PRC. In addition, the commitment by the PRC government to continuing the deregulations of financial services, financial media and foreign investment in the Internet and wireless sectors offer exciting business opportunities to the Group's expansion in the PRC. Although some intrinsic risk remains, tremendous market potentials in the PRC warrants the Group to invest more in the PRC for long-term returns.

Following the listing of the Company on the GEM of the Stock Exchange in January 2005, the Group will implement a number of measures to improve its corporate governance standards including internal control and compliance with listing rules, and to make sure the Group places high regard for the ethics and integrity of its employees, to the shareholders and the public.

## FINANCIAL REVIEW

Turnover of the Group for the year ended 31st March, 2005 was approximately HK\$21,714,000 (2004: HK\$18,962,000), which represented an increase of approximately 15% as compared to the previous financial year. Turnover from Finet Information Technology Solutions (“FITS”), Finet PowerStation, Finet Web Products and Advertising increased by approximately 10%, 66%, 42%, and 6% compared to the previous financial year, respectively. Turnover of the Group continued to experience steady growth during the year under review.

Other revenue of the Group for the year ended 31st March, 2005 was approximately HK\$326,000 (2004: HK\$1,000), which represented mainly gain on disposal in short-term investments.

Cost of sales comprises cost of financial information and other cost of sales. Cost of financial information of the Group for the year ended 31st March, 2005 was approximately HK\$5,730,000 (2004: HK\$4,555,000), representing an increase of approximately 26% as compared to the previous financial year, which was in line with the increase in the turnover of the Group. Cost of financial information represented cost payable to various stock exchanges and information providers in connection with the provision of relevant services. Other cost of sales of the Group for the year ended 31st March, 2005 was approximately HK\$264,000 (2004: HK\$690,000) which represented a decrease of approximately 62% as compared to the previous financial year.

Selling expenses of the Group for the year ended 31st March, 2005 was approximately HK\$539,000 (2004: HK\$600,000), representing a decrease of approximately 10% as compared to the previous financial year.

General and administrative expenses of the Group for the year ended 31st March, 2005 was approximately HK\$14,052,000 (2004: HK\$11,463,000), which represented an increase of approximately 23% as compared to the previous financial year. During the year ended 31st March, 2005, the Group incurred staff costs (including director’s emoluments) of approximately HK\$7,396,000 (2004: HK\$5,551,000), which represented an increase of approximately 33% as compared to the previous financial year and approximately 53% (2004: 48%) of the total general and administrative expenses. The increase in staff costs resulted from workforce expansion both in Hong Kong and the PRC to develop and enhance the Group’s products and services for the purposes of capturing various market opportunities.

No Hong Kong profits tax was paid for the year ended 31st March, 2005 (2004: nil) as the Group applied tax losses carried forward from prior years to offset the estimated assessable profit. No PRC profits tax was paid for the year ended 31st March, 2005 (2004: nil) for a subsidiary of the Company incorporated in the PRC as it had no assessable profits for the year ended 31st March, 2005.

The audited consolidated profit attributable to shareholders for the year ended 31st March, 2005 was approximately HK\$1,455,000 (2004: HK\$1,655,000).

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Company successfully listed on the GEM of the Stock Exchange through the placing of 115,200,000 new shares at HK\$0.25 each (the “Placing”) on 7th January, 2005. Gross proceeds from the Placing received by the Company was approximately HK\$28,800,000.

As at 31st March, 2005, the net current assets of the Group increased by approximately HK\$22,513,000 to approximately HK\$24,108,000 as compared to approximately HK\$1,595,000 as at the end of the previous financial year, representing an increase of 1,411%.

As of 31st March, 2005, the total shareholders’ equity of the Group increased by approximately HK\$22,595,000 to approximately HK\$26,654,000 as compared to approximately HK\$4,059,000 as at the end of the previous financial year, representing an increase of approximately 557%.

As of 31st March, 2005, the cash and bank deposit of the Group increased by approximately HK\$17,246,000 to approximately HK\$20,622,000 as compared to approximately HK\$3,376,000 as at the end of the previous financial year, representing an increase of approximately 511%.

Following the successful listing of the Company and continued cash inflow from operations, both of its liquidity and financial resources were substantially strengthened.

## **SIGNIFICANT INVESTMENT HELD**

As at 31st March, 2005, the Group held short-term investment of listed shares in Hong Kong and the U.S. approximately HK\$2,163,000. Save as the aforesaid, the Group had no other significant investment held and material acquisitions and disposal of subsidiaries during the year ended 31st March, 2005.

## **ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES**

The Group had no acquisitions and disposal of subsidiaries during the year ended 31st March, 2005.

## **CHARGES OF ASSETS**

The Group did not have any charges on assets as at 31st March, 2005 (2004: nil).

## **EXPOSURE TO FLUCTUATION IN EXCHANGE RATES**

As the Group’s operations are principally in Hong Kong and the majority of the Group’s assets and liabilities were denominated in Hong Kong dollars, the Directors believe that the operations of the Group are not subject to significant exchange risk.

## **CONTINGENT LIABILITIES**

As at 31st March, 2005, the Group had no contingent liabilities (2004: nil).

## **STAFF**

The Group had 51 full-time employees in Hong Kong and the PRC as of 31st March, 2005. Following the establishment of the wholly-owned subsidiary in Shenzhen, the PRC, in January 2004, the Group continued to expand the workforce in the PRC and had 24 full-time employees in the PRC as of 31st March, 2005.

During the year, the Group incurred staff costs (including director's emoluments) of approximately HK\$7,396,000 (2004: HK\$5,551,000), representing approximately 53% (2004: 48%) of the total general and administrative expenses of the respective year.

## **DISCLOSURE UNDER CHAPTER 17 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON GEM OF THE STOCK EXCHANGE**

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 rules governing the listing of securities on GEM of the Stock Exchange.

## **DETAILS OF OUTSTANDING OPTIONS GRANTED**

As at 31st March, 2005, options to subscribe for an aggregate of 73,076,000 underlying shares had been granted by the Company under the Pre-IPO Share Option Scheme adopted on 23rd July, 2004. Details of the outstanding options which have been granted and remaining unexercised under the Pre-IPO Share Option Scheme as at 31st March, 2005 are as follows:

Name of grantee	Date of grant	Exercise Price per Share	As at 1st April, 2004	Granted during the year	Exercised during the year	Cancelled during the year	As at 31st March, 2005
Directors:							
Yu Gang, George	21st September, 2004	HK\$0.15	–	27,726,000	–	–	27,726,000
Au Siu Lun, Allen	21st September, 2004	HK\$0.15	–	3,800,000	–	–	3,800,000
Employees	21st September, 2004	HK\$0.15	–	42,550,000	–	700,000	41,850,000
			–	74,076,000	–	700,000	73,376,000

As at 31st March, 2005, there was no outstanding option granted by the Company under the Share Option Scheme adopted on 16th December, 2004.

## **DIRECTORS' INTEREST IN CONTRACTS**

No contracts of significance in relation to the Group's business to which the Company, its holding company or any of its subsidiaries was a party and in which any of the Company's directors, or members of its management had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## **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.

## **SPONSOR'S INTERESTS**

As at 31st March, 2005, the Company's sponsor, Hantec Capital Limited ("Hantec"), its directors, employees or associates did not have any interest in the shares of the Company, or any right to subscribe for or to nominate persons to subscribe for the shares of the Company.

Pursuant to the sponsor's agreement dated 30th December, 2004 entered into between the Company and Hantec, Hantec will receive a fee for acting as the Company's retained sponsor for the period from 7th January, 2005 to 31st March, 2007.

## **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 Rules 5.09 of the GEM Listing Rules and considers, based on the confirmations received, the independent non-executive Directors to be independent.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

Although the Company has not adopted any internal code of conduct regarding directors' securities transactions, it has made specific enquiry of all the Directors. The Directors confirmed that they have complied with all the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the period from 7th January, 2005 to 31st March, 2005.

## **CORPORATE GOVERNANCE**

The Company has complied throughout the period from 7th January, 2005 to 31st March, 2005 with the board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules.

## **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 year ended 31st March, 2005.

## **AUDIT COMMITTEE**

The Company's audit committee was formed on 21st September, 2004 and is currently comprised of the independent non-executive Directors of the Company, Mr. Wu Tak Lung, Dr. Lam Lee G., and Mr. Ng Ching Wo, with Mr. Wu Tak Lung being appointed as the chairman of the audit committee. The primary duties of the audit committee are to review and supervise the financial reporting process and the Group's internal control system. The audit committee has met one time during the year. The audited financial statements for the year ended 31st March, 2005 have been reviewed by the audit committee.

## **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 year ended 31st March, 2005.

## **SUBSEQUENT EVENT**

On 13th May, 2005, the Directors announced that the Company had entered into a sale and purchase agreement with an independent third party to acquire a property in Shenzhen, the PRC, at the consideration of HK\$5,585,000, equivalent to approximately RMB5,919,000.

By order of the Board  
**Finet Group Limited**  
**Yu Gang, George**  
*Chairman*

Hong Kong, 21st June, 2005

*As at the date of this announcement, executive directors of the Company are Dr. Yu Gang, George and Mr. Au Siu Lun, Allen and the non-executive director is Dr. Kwan Pun Fong, Vincent, and the independent non-executive directors are Dr. Lam Lee G., Mr. Ng Ching Wo and Mr. Wu Tak Lung.*

*This announcement will remain on the “Latest Company Announcement” page of the GEM website for 7 days from the date of its publication.*