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**財華社**  
**FINET**

## **FINET GROUP LIMITED**

### **財華社集團有限公司**

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

**(Stock code: 08317)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2012**

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

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This announcement, for which the directors (the “Directors”) of Finet Group Limited (the “Company” together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## **RESULTS HIGHLIGHTS**

- The Group reported a turnover of approximately HK\$25.3 million for the year ended 31 March 2012, representing a decrease of approximately 25.6% from approximately HK\$34.0 million of the last corresponding year.
- The consolidated loss attributable to owners of the Company for the year ended 31 March 2012 was approximately HK\$20.6 million.
- The board of Directors does not recommend the payment of dividend for the year ended 31 March 2012.

## ANNUAL RESULTS

The board of Directors (the “Board”) is pleased to present the consolidated results of the Group for the year ended 31 March 2012, together with the comparative figures for the corresponding period in 2011 as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 March 2012*

	<i>Note</i>	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Continuing operations</b>			
<b>Revenue</b>	3	<b>25,287</b>	34,005
Cost of sales		<b>(9,324)</b>	(10,163)
<b>Gross profit</b>		<b>15,963</b>	23,842
Other income and gains	5	<b>8,921</b>	13,845
Selling and marketing expenses		<b>(663)</b>	(479)
General and administrative expenses		<b>(43,173)</b>	(43,256)
Other operating expenses		<b>(48)</b>	(21,675)
Finance costs	6	<b>(397)</b>	(227)
<b>Loss before income tax</b>	7	<b>(19,397)</b>	(27,950)
Income tax expense	8	<b>(1,156)</b>	(6,930)
<b>Loss for the year from continuing operations</b>		<b>(20,553)</b>	(34,880)
<b>Discontinued operation</b>			
Loss for the year from discontinued operation		—	(6,606)
<b>Loss for the year</b>		<b>(20,553)</b>	(41,486)
<b>Loss attributable to:</b>			
Owners of the Company		<b>(20,553)</b>	(39,769)
Non-controlling interests		—	(1,717)
		<b>(20,553)</b>	(41,486)
<b>Loss for the year</b>		<b>(20,553)</b>	(41,486)
<b>Other comprehensive income:</b>			
Fair value (loss)/gain on available-for-sale financial assets		<b>(372)</b>	216
Release of translation reserve upon disposal of subsidiaries		—	(1,822)
Currency translation differences		<b>(429)</b>	(492)
<b>Other comprehensive income for the year</b>		<b>(801)</b>	(2,098)
<b>Total comprehensive income for the year</b>		<b>(21,354)</b>	(43,584)

		2012	2011
	<i>Note</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Attributable to:</b>			
Owners of the Company		<b>(21,354)</b>	(41,916)
Non-controlling interests		<u>—</u>	<u>(1,668)</u>
		<b><u>(21,354)</u></b>	<b><u>(43,584)</u></b>
<b>Loss per share for loss attributable to the owners of the Company during the year</b>			
	10		
From continuing operations			
— Basic and diluted ( <i>in HK cents</i> )		<b>(6)</b>	(43)
From discontinued operation			
— Basic and diluted ( <i>in HK cents</i> )		<u>—</u>	<u>(6)</u>
		<b><u>(6)</u></b>	<b><u>(49)</u></b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	Note	2012 HK\$'000	2011 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		4,405	3,911
Investment properties		82,900	25,848
Intangible assets		950	950
Statutory deposits and other assets		405	405
Available-for-sale financial assets		112	484
		<u>88,772</u>	<u>31,598</u>
<b>Current assets</b>			
Accounts receivable	11	6,375	6,680
Prepayments, deposits and other receivables		8,697	8,308
Tax recoverable		31	—
Held for trading investments		33,259	30,879
Client trust bank balances		6,832	9,145
Cash and cash equivalents		41,136	20,106
		<u>96,330</u>	<u>75,118</u>
<b>Total assets</b>		<u>185,102</u>	<u>106,716</u>
<b>Current liabilities</b>			
Accounts payable	12	10,389	14,664
Accruals and other payables		8,109	8,822
Deferred income		2,285	1,827
Finance lease payables — due within one year		146	345
Borrowings — due within one year		16,055	249
		<u>36,984</u>	<u>25,907</u>
<b>Net current assets</b>		<u>59,346</u>	<u>49,211</u>
<b>Total assets less current liabilities</b>		<u>148,118</u>	<u>80,809</u>
<b>Non-current liabilities</b>			
Finance lease payables — due after one year		37	177
Borrowings — due after one year		2,254	2,514
Deferred tax liabilities		8,042	6,870
		<u>10,333</u>	<u>9,561</u>
<b>Net assets</b>		<u>137,785</u>	<u>71,248</u>
<b>Equity</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	13	4,408	22,041
Reserves		133,377	49,207
<b>Total equity</b>		<u>137,785</u>	<u>71,248</u>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2012

	Reserves										Non-controlling interests	Total equity
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Employee compensation reserve HK\$'000	Translation reserve HK\$'000	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Warrants reserve HK\$'000	Accumulated losses HK\$'000	Total reserves HK\$'000		
<b>Balance at 1 April 2010</b>	18,373	199,393	4,870	1,745	2,473	9,989	(1,064)	—	(152,971)	64,435	1,200	84,008
<b>Comprehensive income</b>												
Loss for the year	—	—	—	—	—	—	—	—	(39,769)	(39,769)	(1,717)	(41,486)
<b>Other comprehensive income</b>												
Fair value gain on available-for-sale financial assets	—	—	—	—	—	—	216	—	—	216	—	216
Release of translation reserve upon disposal of subsidiaries	—	—	—	—	(1,822)	—	—	—	—	(1,822)	—	(1,822)
Currency translation differences	—	—	—	—	(541)	—	—	—	—	(541)	49	(492)
<b>Total other comprehensive income</b>	—	—	—	—	(2,363)	—	216	—	—	(2,147)	49	(2,098)
<b>Total comprehensive income</b>	—	—	—	—	(2,363)	—	216	—	(39,769)	(41,916)	(1,668)	(43,584)
<b>Transactions with owners</b>												
Issue of shares upon exercise of share options	3	33	—	—	—	—	—	—	—	33	—	36
Issue of shares upon placement	3,650	27,010	—	—	—	—	—	—	—	27,010	—	30,660
Issue of shares upon exercise of bonus warrants	15	119	—	—	—	—	—	—	—	119	—	134
Shares issue costs	—	(474)	—	—	—	—	—	—	—	(474)	—	(474)
Disposal of subsidiaries	—	—	—	—	—	—	—	—	—	—	468	468
Vested share options lapsed/cancelled	—	—	—	(1,745)	—	—	—	—	1,745	—	—	—
<b>Total contributions by and distributions to owners</b>	3,668	26,688	—	(1,745)	—	—	—	—	1,745	26,688	468	30,824
<b>Balance at 31 March 2011 and 1 April 2011</b>	<b>22,041</b>	<b>226,081</b>	<b>4,870</b>	<b>—</b>	<b>110</b>	<b>9,989</b>	<b>(848)</b>	<b>—</b>	<b>(190,995)</b>	<b>49,207</b>	<b>—</b>	<b>71,248</b>
<b>Comprehensive income</b>												
Loss for the year	—	—	—	—	—	—	—	—	(20,553)	(20,553)	—	(20,553)
<b>Other comprehensive income</b>												
Fair value loss on available-for-sale financial assets	—	—	—	—	—	—	(372)	—	—	(372)	—	(372)
Currency translation differences	—	—	—	—	(429)	—	—	—	—	(429)	—	(429)
<b>Total other comprehensive income</b>	—	—	—	—	(429)	—	(372)	—	—	(801)	—	(801)
<b>Total comprehensive income</b>	—	—	—	—	(429)	—	(372)	—	(20,553)	(21,354)	—	(21,354)
<b>Transactions with owners</b>												
Issue of shares upon exercise of bonus warrants	—	2	—	—	—	—	—	—	—	2	—	2
Issue of shares upon open offers	88,164	—	—	—	—	—	—	—	—	—	—	88,164
Capital reduction	(105,797)	—	—	—	—	—	—	—	105,797	105,797	—	—
Issue of warrants	—	—	—	—	—	—	—	1,763	—	1,763	—	1,763
Shares issue costs	—	(2,574)	—	—	—	—	—	—	—	(2,574)	—	(2,574)
Employee share-based compensation	—	—	—	536	—	—	—	—	—	536	—	536
<b>Total contributions by and distributions to owners</b>	(17,633)	(2,572)	—	536	—	—	—	1,763	105,797	105,524	—	87,891
<b>Balance at 31 March 2012</b>	<b>4,408</b>	<b>223,509</b>	<b>4,870</b>	<b>536</b>	<b>(319)</b>	<b>9,989</b>	<b>(1,220)</b>	<b>1,763</b>	<b>(105,751)</b>	<b>133,377</b>	<b>—</b>	<b>137,785</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands. On 16 June 2011, the Company was deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda. The Company's registered office is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company's principal place of business is situated at Room C, 11/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

The annual results set out in this announcement do not constitute the Group's financial statements for the year ended 31 March 2012 but are extracted from those financial statement.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets and held for trading investments, which are carried at fair value.

### Changes in accounting policy and disclosures

#### *(a) New and amended standards adopted by the Group*

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 April 2011 but do not have a material impact on the Group.

HKAS 24 (Revised)	Related Party Disclosures
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HK(IFRIC)-Int 14	Prepayments of a Minimum Funding (Amendment) Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments
Annual Improvements Project	Third annual improvements projects (2010) published in May

(b) *New and amended standards have been issued but are not effective for the financial year beginning 1 April 2011 and have not been early adopted by the Group*

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income <sup>3</sup>
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets <sup>2</sup>
HKAS 19 (2011)	Employee Benefits <sup>4</sup>
HKAS 27 (2011)	Separate Financial Statements <sup>4</sup>
HKAS 28 (2011)	Investments in Associates and Joint Ventures <sup>4</sup>
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities <sup>5</sup>
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters <sup>1</sup>
HKFRS 1 (Amendment)	Government Loans <sup>4</sup>
HKFRS 7 (Amendment)	Disclosures — Transfers of Financial Assets <sup>1</sup>
HKFRS 7 (Amendment)	Disclosures — Offsetting Financial Assets and Liabilities <sup>4</sup>
HKFRS 9	Financial Instruments <sup>6</sup>
HKFRS 10	Consolidated Financial Statements <sup>4</sup>
HKFRS 11	Joint Arrangements <sup>4</sup>
HKFRS 12	Disclosures of Interests in Other Entities <sup>4</sup>
HKFRS 13	Fair Value Measurement <sup>4</sup>
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>4</sup>

<sup>1</sup> Changes effective for annual periods beginning on or after 1 July 2011

<sup>2</sup> Changes effective for annual periods beginning on or after 1 January 2012

<sup>3</sup> Changes effective for annual periods beginning on or after 1 July 2012

<sup>4</sup> Changes effective for annual periods beginning on or after 1 January 2013

<sup>5</sup> Changes effective for annual periods beginning on or after 1 January 2014

<sup>6</sup> Changes effective for annual periods beginning on or after 1 January 2015

### 3. REVENUE

Revenue (which is also the Group's turnover) recognized during the year is as follows:

	Continuing operations		Discontinued operation		Total	
	2012	2011	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Service income from provision of financial information services	21,876	26,799	—	—	21,876	26,799
Advertising income	1,882	1,532	—	—	1,882	1,532
Online game income	—	—	—	1	—	1
Brokerage commission and service income from securities and futures business	1,529	5,674	—	—	1,529	5,674
	<u>25,287</u>	<u>34,005</u>	<u>—</u>	<u>1</u>	<u>25,287</u>	<u>34,006</u>



#### 4. SEGMENT INFORMATION

At 31 March 2012, the Group is organized into two main operating segments:

- (i) Financial information services business — the development, production and provision of financial information services and technology solutions to corporate and retail clients in Hong Kong and Greater China; and
- (ii) Securities and futures business that specializes in the provision of online securities and futures trading.

The segment results for the year ended 31 March 2012 are as follows:

	<b>Securities and futures business HK\$'000</b>	<b>Financial information services business HK\$'000</b>	<b>Sub total HK\$'000</b>	<b>Unallocated HK\$'000</b>	<b>Group HK\$'000</b>
<b>Gross revenue</b>	<b>1,547</b>	<b>23,758</b>	<b>25,305</b>	<b>—</b>	<b>25,305</b>
<b>Inter-segment revenue</b>	<b>(18)</b>	<b>—</b>	<b>(18)</b>	<b>—</b>	<b>(18)</b>
<b>Revenue from external customers</b>	<b>1,529</b>	<b>23,758</b>	<b>25,287</b>	<b>—</b>	<b>25,287</b>
Segment results	<b>(3,108)</b>	<b>(15,736)</b>	<b>(18,844)</b>	<b>(156)</b>	<b>(19,000)</b>
Finance costs					<b>(397)</b>
<b>Loss before income tax</b>					<b>(19,397)</b>
Income tax expense					<b>(1,156)</b>
<b>Loss for the year</b>					<b>(20,553)</b>

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

Fair value gain on held for trading investments	<b>—</b>	<b>3,546</b>	<b>3,546</b>	<b>—</b>	<b>3,546</b>
Equity-settled share-based payments	<b>—</b>	<b>(536)</b>	<b>(536)</b>	<b>—</b>	<b>(536)</b>
Depreciation of property, plant and equipment	<b>(158)</b>	<b>(2,283)</b>	<b>(2,441)</b>	<b>(12)</b>	<b>(2,453)</b>

The segment results for the year ended 31 March 2011 are as follows:

	Continuing operations			Discontinued operation	
	Securities and futures business <i>HK\$'000</i>	Financial information services business <i>HK\$'000</i>	Sub total <i>HK\$'000</i>	Online game business <i>HK\$'000</i>	Group <i>HK\$'000</i>
<b>Revenue</b>	5,674	28,331	34,005	1	34,006
Segment results	(9,433)	(18,290)	(27,723)	(6,606)	(34,329)
Finance costs					(227)
<b>Loss before income tax</b>					(34,556)
Income tax expense					(6,930)
<b>Loss for the year</b>					<u>(41,486)</u>

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

Goodwill impairment charge	1,509	—	1,509	—	1,509
Amortization of intangible assets	—	—	—	34	34
Depreciation of property, plant and equipment	223	2,348	2,571	1,172	3,743

Segment assets consist primarily of property, plant and equipment, investment properties, intangible assets, available-for-sale financial assets, held for trading investments, accounts receivable, prepayments, deposits and other receivables, client trust bank balances and cash and cash equivalents.

Segment liabilities comprise operating liabilities. Unallocated liabilities comprise items such as taxation and borrowings.

Capital expenditure comprises additions to property, plant and equipment, investment properties, intangible assets and statutory deposits and other assets, including additions resulting from acquisitions through business combinations.

The segment assets and liabilities at 31 March 2012 and capital expenditure for the year then ended are as follows:

	Securities and futures business <i>HK\$'000</i>	Financial information services business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Group <i>HK\$'000</i>
Assets	<u>22,846</u>	<u>104,034</u>	<u>58,222</u>	<u>185,102</u>
Liabilities	<u>10,552</u>	<u>9,778</u>	<u>26,987</u>	<u>47,317</u>
Capital expenditure	<u>100</u>	<u>2,694</u>	<u>57,193</u>	<u>59,987</u>

The segment assets and liabilities at 31 March 2011 and capital expenditure for the year then ended are as follows:

	Securities and futures business <i>HK\$'000</i>	Financial information services business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Group <i>HK\$'000</i>
Assets	<u>60,682</u>	<u>46,034</u>	<u>—</u>	<u>106,716</u>
Liabilities	<u>13,202</u>	<u>12,111</u>	<u>10,155</u>	<u>35,468</u>
Capital expenditure	<u>3,584</u>	<u>1,222</u>	<u>—</u>	<u>4,806</u>

The Group mainly operates in Hong Kong and the People's Republic of China (the "PRC").

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Revenue</b>		
Hong Kong	20,535	25,613
PRC	<u>4,752</u>	<u>8,393</u>
	<u>25,287</u>	<u>34,006</u>

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Total assets</b>		
Hong Kong	152,010	74,065
PRC	31,586	30,888
Other countries	<u>1,506</u>	<u>1,763</u>
	<u>185,102</u>	<u>106,716</u>

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

	2012 HK\$'000	2011 HK\$'000
<b>Capital expenditure</b>		
Hong Kong	59,138	3,623
PRC	849	1,183
	<u>59,987</u>	<u>4,806</u>

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

## 5. OTHER INCOME AND GAINS

	Continuing operations		Discontinued operation		Total	
	2012	2011	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gain on a bargain purchase	1,185	—	—	—	1,185	—
Gain on disposal of subsidiaries	—	—	—	5,406	—	5,406
Gross rental income from investment properties	1,880	1,138	—	—	1,880	1,138
Dividend income from available-for-sale financial assets	200	40	—	—	200	40
Interest income from bank deposits	4	4	—	—	4	4
Net foreign exchange gains	743	144	—	30	743	174
Fair value gain on investment properties	—	11,848	—	—	—	11,848
Fair value gain on held for trading investments	3,546	—	—	—	3,546	—
Sundry income	1,363	671	—	—	1,363	671
	<u>8,921</u>	<u>13,845</u>	<u>—</u>	<u>5,436</u>	<u>8,921</u>	<u>19,281</u>

## 6. FINANCE COSTS

	Continuing operations		Discontinued operation		Total	
	2012	2011	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest expense on bank borrowings:						
— not wholly repayable within five years	362	116	—	—	362	116
Interest on finance leases	35	111	—	—	35	111
	<u>397</u>	<u>227</u>	<u>—</u>	<u>—</u>	<u>397</u>	<u>227</u>

## 7. LOSS BEFORE INCOME TAX

	Continuing operations		Discontinued operation		Total	
	2012	2011	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Development costs	—	—	—	3,758	—	3,758
Operating lease payments						
— in respect of rented premises	4,980	4,605	—	1,040	4,980	5,645
— in respect of office equipment	12	—	—	—	12	—
Depreciation of property, plant and equipment	2,453	2,571	—	1,172	2,453	3,743
Loss on disposal of property, plant and equipment	—	229	—	—	—	229
Auditors' remuneration						
— current year provision	420	500	—	11	420	511
— (over-provision)/under-provision in prior year	(132)	150	—	—	(132)	150
Amortization of intangible assets	—	—	—	34	—	34

## 8. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year (2011: Nil). Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2012	2011
	HK\$'000	HK\$'000
<b>Current tax:</b>		
— Hong Kong profits tax — adjustments in respect of prior years	(38)	—
— Overseas taxation — PRC	60	60
	22	60
Deferred tax	1,134	6,870
Income tax expense	1,156	6,930

## 9. DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 March 2012 (2011: Nil).

## 10. LOSS PER SHARE

### (a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company from continuing operations for the year ended 31 March 2012 of approximately HK\$20,553,000 (2011: HK\$34,880,000) by the weighted average number of approximately 369,517,000 (2011: 80,273,480) ordinary shares in issue during the year.

Basic loss per share for discontinued operation is calculated by dividing the loss attributable to owners of the Company from discontinued operation for the year ended 31 March 2011 of approximately HK\$4,889,000 by the weighted average number of 80,273,480 ordinary shares in issue during that year.

### (b) Diluted

The computation of diluted loss per share for the years ended 31 March 2012 and 2011 did not assume the exercise of the Company's share options and warrants outstanding during the years ended 31 March 2012 and 2011 since their exercise would result in a decrease in loss per share.

## 11. ACCOUNTS RECEIVABLE

	2012 HK\$'000	2011 HK\$'000
Accounts receivable arising from the ordinary course of business of dealing in futures contracts and options		
— Brokers	1,288	1,976
— HKFE Clearing Corporation Limited	2,303	3,383
	<u>3,591</u>	<u>5,359</u>
Accounts receivable arising from the ordinary course of business of dealing in securities		
— Hong Kong Securities Clearing Company Limited	130	—
Other trade receivables	2,654	1,321
	<u>2,654</u>	<u>1,321</u>
Accounts receivable	<u>6,375</u>	<u>6,680</u>

Accounts receivable from brokers are current. These represent margin deposits arising from the business of dealing in futures contracts and options and securities. The amount is unsecured, interest-free, and repayable on demand.

The credit terms granted by the Group to its customers range from 10 days to 90 days. At 31 March 2012, the ageing analysis of the other trade receivables was as follows:

	2012 HK\$'000	2011 HK\$'000
0–30 days	1,213	933
31–60 days	524	197
61–90 days	222	2
Over 90 days	695	189
	<u>2,654</u>	<u>1,321</u>

As of 31 March 2012, other trade receivables of approximately HK\$695,000 (2011: HK\$189,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these other trade receivables is as follows:

	<b>2012</b> <b>HK\$'000</b>	2011 <i>HK\$'000</i>
Over 90 days	<b>695</b>	189

## 12. ACCOUNTS PAYABLE

	<b>2012</b> <b>HK\$'000</b>	2011 <i>HK\$'000</i>
Accounts payable arising from securities broking		
— Clients	<b>3,200</b>	4,339
— Securities brokers	—	149
Accounts payable arising from futures broking		
— Clients	<b>6,058</b>	8,287
Other trade payables	<b>1,131</b>	1,889
Accounts payable	<b>10,389</b>	14,664

The settlement terms of accounts payable arising from securities broking are one or two trade days after the trade execution date.

Accounts payable to clients arising from futures broking are margin deposits received from clients for their trading of futures contracts. The excess of the outstanding amounts over the required margin deposits stipulated are repayable to clients on demand.

At 31 March 2012, the ageing analysis of the other trade payables was as follows:

	<b>2012</b> <b>HK\$'000</b>	2011 <i>HK\$'000</i>
0–30 days	<b>467</b>	962
31–60 days	<b>609</b>	584
61–90 days	—	328
Over 90 days	<b>55</b>	15
	<b>1,131</b>	1,889

### 13. SHARE CAPITAL

	2012		2011	
	Number of shares	Amount (HK\$'000)	Number of shares	Amount (HK\$'000)
Ordinary shares of HK\$0.01 (2011: HK\$0.05) each				
Authorized:				
<b>At beginning of the year</b>	<b>1,000,000,000</b>	<b>50,000</b>	1,000,000,000	50,000
Increase during the year ( <i>Note (a)</i> )	<b>2,000,000,000</b>	<b>100,000</b>	—	—
	<b>3,000,000,000</b>	<b>150,000</b>	1,000,000,000	50,000
Share consolidation ( <i>Note (b)</i> )	<b>(2,400,000,000)</b>	—	—	—
	<b>600,000,000</b>	<b>150,000</b>	1,000,000,000	50,000
Capital reduction				
— reduction in nominal value ( <i>Note (d)(i)</i> )	—	<b>(144,000)</b>	—	—
— subdivision ( <i>Note (d)(ii)</i> )	<b>14,400,000,000</b>	<b>144,000</b>	—	—
<b>At end of the year</b>	<b>15,000,000,000</b>	<b>150,000</b>	1,000,000,000	50,000
Issued and fully paid:				
<b>At beginning of the year</b>	<b>440,813,053</b>	<b>22,041</b>	367,457,870	18,373
Issue of shares upon exercise of bonus warrants ( <i>Note (e)</i> )	<b>5,829</b>	—	295,957	15
	<b>440,818,882</b>	<b>22,041</b>	367,753,827	18,388
Share consolidation ( <i>Note (b)</i> )	<b>(352,655,106)</b>	—	—	—
	<b>88,163,776</b>	<b>22,041</b>	367,753,827	18,388
Issue of shares upon open offers ( <i>Note (c)</i> )	<b>352,655,104</b>	<b>88,164</b>	—	—
	<b>440,818,880</b>	<b>110,205</b>	367,753,827	18,388
Capital reduction				
— reduction in nominal value ( <i>Note (d)(i) &amp; (iii)</i> )	—	<b>(105,797)</b>	—	—
	<b>440,818,880</b>	<b>4,408</b>	367,753,827	18,388
Issue of shares upon exercise of share options ( <i>Note (f)</i> )	—	—	59,226	3
Issue of shares upon placement ( <i>Note (g)</i> )	—	—	73,000,000	3,650
<b>At end of the year</b>	<b>440,818,880</b>	<b>4,408</b>	440,813,053	22,041



*Notes:*

- (a) Pursuant to the ordinary resolution passed at the extraordinary general meeting of the Company held on 19 May 2011, the authorized share capital of the Company was increased from HK\$50,000,000, divided into 1,000,000,000 ordinary shares of HK\$0.05 each to HK\$150,000,000 divided into 3,000,000,000 ordinary shares of HK\$0.05 each by the creation of an additional 2,000,000,000 ordinary shares of HK\$0.05 each in the capital of the Company.
- (b) Pursuant to the ordinary resolution passed at the extraordinary general meeting of the Company held on 19 May 2011, and upon the share consolidation (on the basis that every five issued and unissued ordinary shares of HK\$0.05 each in the capital of the Company were consolidated into one share of HK\$0.25 each (each a “Consolidated Share”) in the capital of the Company) becoming effective on 20 May 2011, the authorized share capital of the Company became HK\$150,000,000 divided into 600,000,000 Consolidated Shares of HK\$0.25 each; and the issued share capital of the Company became approximately HK\$22,041,000 divided into 88,163,776 Consolidated Shares of HK\$0.25 each.
- (c) Pursuant to the ordinary resolution passed at the extraordinary general meeting of the Company held on 19 May 2011, the Company on 14 June 2011 issued 352,655,106 new ordinary shares of HK\$0.25 each (each an “Offer Share”) at the subscription price of HK\$0.25 per Offer Share under an open offer on the basis of four Offer Shares for every one then existing Consolidated Share of HK\$0.25 each.
- (d) Pursuant to the special resolution passed at the extraordinary general meeting of the Company held on 19 May 2011 and, *inter alia*, upon the change of domicile of the Company from the Cayman Islands to Bermuda by way of continuation of the Company into Bermuda as an exempted company under the laws of Bermuda and de-registration as a company in the Cayman Islands under the laws of the Cayman Islands becoming effective:
  - (i) the paid-up capital of each Consolidated Share be reduced from HK\$0.25 to HK\$0.01 by cancelling HK\$0.24 on each of the issued Consolidated Shares such that the nominal value of each Consolidated Share be reduced from HK\$0.25 to HK\$0.01 so as to form a new share with nominal value of HK\$0.01 each (each an “Adjusted Share”) (the “Capital Reduction”);
  - (ii) each of authorized but unissued Consolidated Shares of HK\$0.25 each including the authorized unissued shares of HK\$0.25 each arising out of the Capital Reduction, be sub-divided into 25 new Adjusted Shares of HK\$0.01 each (such that the authorized share capital of the Company became HK\$150,000,000 divided into 15,000,000,000 Adjusted Shares of HK\$0.01 each); and
  - (iii) the credit arising from the Capital Reduction of approximately HK\$105,797,000 be applied to set off against the accumulated losses of the Company.
- (e) For the year ended 31 March 2012, approximately 5,829 bonus warrants were exercised in May 2011 at a subscription price of HK\$0.45 per ordinary share, resulting in the issue of 5,829 ordinary shares of HK\$0.05 each.

For the year ended 31 March 2011, approximately 295,957 bonus warrants were exercised at a subscription price of HK\$0.45 per ordinary share, resulting in the issue of 295,957 ordinary shares of HK\$0.05 each.
- (f) Share options were exercised by option holders during the year ended 31 March 2011 to subscribe for the total of 59,226 ordinary shares of HK\$0.05 each by payment of subscription monies of approximately HK\$36,000 of which approximately HK\$3,000 was credited to share capital and the balance of approximately HK\$33,000 was credited to the share premium account.
- (g) On 15 October 2010, the Company placed, through the placing agents, 73,000,000 ordinary shares of HK\$0.05 each in the capital of the Company to not less than six places at the placing price of HK\$0.42 per ordinary share.
- (h) On 30 January 2012, the Company issued by way of placing 88,162,000 unlisted warrants at the issue price of HK\$0.02 each, raising proceeds of approximately HK\$1,763,000. Each warrant will carry the right to subscribe for one share at an initial subscription price of HK\$0.402 per share, subject to adjustment. The subscription right will be exercisable during a period of five years from the date of creation and issue of the warrants.

#### 14. CONTINGENT LIABILITIES

- (a) During the year ended 31 March 2008, three libel actions were brought by a company and an individual (collectively the “Plaintiffs”) against the Group in respect of the publication of words alleged to be defamatory and concerning articles published on the Group’s website in 2007. The Plaintiffs sought, among other things, injunctive relief and unliquidated damages. The directors of the Company are of the opinion that the Group has a meritorious defense against such claims and therefore filed defense on 13 November 2007 and 9 April 2008 against all three libel actions consecutively. Same as previous years no further steps have been taken by the Plaintiffs since the filing of the defense. Accordingly, the directors of the Company are of the opinion that these claims would not have any material adverse effect on the Group, and no provisions have been made in the financial statements in respect thereof.
- (b) In June 2011, the Company received an amended writ of summons (“Amended Writ”) and a statement of claim (“Statement of Claim”) from two minority shareholders of a former subsidiary of the Company (the “Claimants”). Pursuant to the Amended Writ, it was claimed against the Company, inter alia, for damages for breach of the alleged share subscription agreements in 2007 between the Company and the Claimants and the alleged misrepresentation made through the Company’s former chairman and director, Dr. Yu Gang, George, plus interest and costs. The Claimants further alleged in the Statement of Claim, inter alia, that certain representations given by the Company in the above share subscription agreements were false and untrue or recklessly not caring whether they were true or false and there was breach of implied terms of the above share subscription agreements, and claimed against the Company for (i) damages to be assessed; (ii) interest; (iii) costs; and (iv) further or other relief. Based on advice of the legal adviser to the Company, the directors of the Company are of the opinion that the Company has reasonable grounds to defend the claims by the Claimants. The Company filed a defence against such claims on 22 August 2011 and the Claimants filed a reply on 10 October 2011. The parties are considering mediation. Therefore, no provisions have been made in the financial statements as of 31 March 2012.

#### 15. EXTRACT FROM INDEPENDENT AUDITORS’ REPORT

##### **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2012, and of the Group’s loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

##### **Emphasis of matter**

We draw attention to Note 38 to the financial statements which describes the uncertainty related to the outcome of the lawsuit filed against the Company by two minority shareholders of a former subsidiary of the Company. Our opinion is not qualified in respect of this matter.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATIONS REVIEW

In order to increase the Group's financial resources, in June 2011, an open offer of new shares have generated approximately HK\$88.2 million at the subscription price of HK\$0.25 per Offer Share on the basis of four Offer Shares for every one Consolidated Share in issue. The company has used the net proceeds to strengthen the software development of its platform for providing the financial information service as well as mobile apps applications.

To strengthen the assets value of the Company, in October 2011, the Group has passed a resolution in the Special General Meeting 10 October 2011 regarding the acquisition of 100% equity interest and the shareholder's loan of Pink Angel Investments Limited from Ms. LO Yuk Yee, an executive Director, the chairman of the Company and the controlling shareholder of the Company, for a cash consideration of approximately HK\$24,434,000. The only principal assets of Pink Angel Investments Limited were two properties in Shun Tak Centre with a saleable area of approximately 1,940 square feet. After the acquisition, which was completed on 12 October 2011 the total of non-current assets as at 31 March 2012 was approximately HK\$88,772,000. (2011: HK\$31,598,000).

In order to reduce our general and administrative expenses, we relocated our PRC offices which has reduced the Group's overall rent commitments in coming years.

This year marked a new phase for Finet's group. In order to execute the Group's Internet, Mobile and Media ("IMM") growth strategy, our Group has focused on media business in financial sector through the establishment of Xian Dai TV Limited, a company incorporated in Hong Kong and a wholly-subsiary of the Group. This company is engaged in the production of programmes regarding financial news. It has also traded as "FIN TV" and a studio has been launched in Admiralty in June 2012. The management has moved further step towards the IMM concepts in respect of the provision of services through multiple and mobile portals and endorsing the growth strategy.

Besides, in order to diversify our business, the Group has applied a money lender licence by setting-up of a new company called Finet Finance Limited. The Company has commenced its business in May 2012.

### Financial Information Business

During the fiscal year under review, the business environment in both HK and the PRC is very competitive.

Changes in market and appetite of clients have supported the business model of the Group by providing one-stop shop solution to investors that includes transaction services in addition to pure data, news and analytics.

The Group has been carefully examining the ways to improve its competitive advantages and operational efficiency amid the deteriorating business environment. The Group has continued to promote the brand name of Finet as a leading financial news provider and to expand its financial news distribution channels and introduced value-added services in press release, media monitoring and investor relations to its clients which so far have been appreciated by the market. Beside, the Group has been expanding its mobile distribution channels for financial content.

The Group has been providing mobile solution to existing clients with encouraging results and has identified several mobile platform providers to distribute financial information in both the PRC and Hong Kong.

### **Securities and Futures Business**

With the volatile situation of stock markets, the revenue generated from securities and futures business decreased drastically to approximately HK\$1,529,000 (2011: HK\$5,674,000). Such decrease was mainly due to the drop of futures business.

### **FINANCIAL REVIEW**

Turnover from continuing operations of the Group for the year ended 31 March 2012 was approximately HK\$25,287,000 (2011: HK\$34,005,000), which represented a decrease of approximately 26% as compared to the previous financial year. The net decrease was primarily attributable to: (i) a drop in the securities and futures business of approximately HK\$4,145,000 and (ii) a decrease in financial services and advertising services of approximately HK\$4,573,000.

Other income and gains from continuing operations of the Group for the year ended 31 March 2012 was approximately HK\$8,921,000 (2011: HK\$13,845,000), the decrease was mainly due to the fair value gain on investment properties of approximately HK\$11,848,000 in 2011. The balance of 2012 includes a fair value gain on held for trading investments of approximately HK\$3,546,000 and a gain on a bargain purchase of approximately HK\$1,185,000.

Cost of sales from continuing operations of the Group for the year ended 31 March 2012 was approximately HK\$9,324,000 (2011: HK\$10,163,000), representing a decrease of approximately 8% as compared to the previous financial year.

Selling and marketing expenses from continuing operations of the Group for the year ended 31 March 2012 was increased to approximately HK\$663,000 compared with approximately HK\$479,000 in 2011 represented an increase of approximately 38%. The increase was mainly attributable to the increase in marketing and promotion efforts of financial information services business.

General and administrative expenses from continuing operations of the Group for the year ended 31 March 2012 was slightly decreased to approximately HK\$43,173,000 (2011: HK\$43,256,000).

Other operating expenses from continuing operations of the Group for the year ended 31 March 2012 were approximately HK\$48,000 (2011: HK\$21,675,000), which mainly represented the fair value loss on investment properties. The balance in 2011 represented the goodwill impairment charge of approximately HK\$1,509,000 on the securities and futures business; impairment loss on amount due from a former Director of approximately HK\$4,661,000; impairment loss on amounts due from former subsidiaries of approximately HK\$8,995,000; and fair value loss on held for trading investments of approximately HK\$6,510,000.

Finance costs from continuing operations of the Group for the year ended 31 March 2012 were approximately HK\$397,000 (2011: HK\$227,000), which represented the interest charges on bank loans for the investment properties in both HK and the PRC and on the finance leases for the computer equipments.

There is no provision of Hong Kong profits tax for the year ended 31 March 2012. A tax refund of approximately HK\$38,000 was made in respect of prior years. Approximately HK\$60,000 was paid during the year ended 31 March 2012 (2011: HK\$60,000) for the rental income from the investment properties of the Company in the PRC. The deferred tax of approximately HK\$1,134,000 was attributable to PRC deferred income tax liabilities from revaluation of investment properties in the PRC and in HK.

Loss attributable to non-controlling interests of approximately HK\$1,717,000 in 2011 by non-controlling interests, representing its share of loss in the Group's online game business which was disposed of in February 2011.

The consolidated loss attributable to owners of the Company for the year ended 31 March 2012 was approximately HK\$20,553,000 (2011: HK\$39,769,000).

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 31 March		
	2012	2011	change
	HK\$'000	HK\$'000	
Net current assets	<b>59,346</b>	49,211	+20%
Total assets	<b>185,102</b>	106,716	+73%
Total liabilities	<b>47,317</b>	35,468	+33%
Total equity	<b>137,785</b>	71,248	+93%
Cash and cash equivalents	<b>41,136</b>	20,106	+104%
Debts to equity ratio	<b>0.34x</b>	0.50x	-32%
Gearing ratio	<b>0.13x</b>	0.04x	+225%

As at 31 March 2012, the total assets of the Group increased by approximately HK\$78,386,000 to approximately HK\$185,102,000 as compared to approximately HK\$106,716,000 as at the end of the previous financial year, representing an increase of approximately 73%.

As at 31 March 2012, the total liabilities of the Group increased by approximately HK\$11,849,000 to approximately HK\$47,317,000 as compared to approximately HK\$35,468,000 as at the end of the previous financial year, representing an increase of approximately 33%.

As at 31 March 2012, the total equity of the Group increased by approximately HK\$66,537,000 to approximately HK\$137,785,000 as compared to approximately HK\$71,248,000 as at the end of the previous financial year, representing an increase of approximately 93%.

## CHANGE OF DOMICILE

As disclosed in the announcement of the Company dated 28 June 2011, the Company had been deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda with effect from 16 June 2011.

## ADOPTION OF CHINESE SECONDARY NAME

At disclosed in the announcement of the Company dated 18 August 2011, at the annual general meeting of the Company held on 18 August 2011, a special resolution was passed pursuant to which the Chinese name of “財華社集團有限公司” was adopted as the secondary name of the Company.



## **PENDING LITIGATION**

References were made to the announcements of the Company dated 16 May 2011, 20 May 2011 and 28 June 2011. The Company has received various letters in April and May 2011 from two minority shareholders of China Game & Digital Entertainment Limited (a former subsidiary of the Company, “China Game”), namely The Pride of Treasure Fund and The Pride Venture Capital Fund (collectively, the “Claimants”). The Claimants claimed that the Company has, through its then chairman and Director, Dr. Yu Gang, George, made certain misrepresentations and has breached certain terms of the agreements between the Company and each of the Claimants in connection with their investments in China Game totaling USD5,000,000 in 2007 and the Claimants indicated that they may seek damages against the Company for no less than USD5,000,000 plus interest and costs. Dr. Yu Gang, George ceased to be a Director from 30 September 2010.

On 20 May 2011, the Company received a writ of summons (High Court Action number 849 of 2011) from the Claimants, claiming against the Company for damages for breach of the alleged share subscription agreement in 2007 made between the Company and The Pride of Treasure Fund, the alleged share subscription agreement in 2007 made between the Company and The Pride Venture Capital Fund, an alleged shareholders’ agreement made orally between the Claimants and the Company and misrepresentation on the value of the East Treasure Limited business made through Dr. Yu Gang, George, plus interest and costs.

On 27 June 2011, the Company received an amended writ of summons (“Amended Writ”) (High Court Action number 849 of 2011) and a statement of claim (“Statement of Claim”) from the Claimants (i.e. The Pride of Treasure Fund (“First Plaintiff”) and The Pride Venture Capital Fund (“Second Plaintiff”). Pursuant to the Amended Writ, it was claimed against the Company for, inter alia, damages for breach of (i) the alleged share subscription agreement in 2007 made between the Company and the First Plaintiff; (ii) the alleged share subscription agreement in 2007 made between the Company and the Second Plaintiff; and (iii) the alleged misrepresentation made through Dr. Yu Gang, George, plus interest and costs.

The Claimants further alleged, in the Statement of Claim, inter alia, that certain representations given by the Company in the above share subscription agreements were false and untrue or recklessly not caring whether they were true or false and there was breach of implied terms of the above share subscription agreements, and claimed against the Company for (i) damages to be assessed; (ii) interest; (iii) costs; and (iv) further or other relief.

Based on advice of the legal adviser to the Company, the Company has reasonable grounds to defend such claims. The Company filed a defence against such claims on 22 August 2011 and the Claimants filed a reply on 10 October 2011.

## **LEGAL ACTION AGAINST A FORMER CHAIRMAN AND DIRECTOR OF THE COMPANY**

On 14 June 2012, the Group issued a statement of claim against Dr. Yu Gang, a former chairman and director of the Group, for breaches of the fiduciary duties during his directorship, (i) without any or any proper authorization, Dr. Yu Gang embezzled a total sum of RMB3,238,015.30 from certain of the Company’s subsidiaries and former subsidiaries; and (ii) unlawfully caused the transfer from the Company’s PRC subsidiary to his own bank account, a total sum of RMB721,000, which was meant to be made payable to a client of the subsidiary. The Company claims for (i) repayment of RMB3,238,015.30 and RMB721,000; (ii) account to the Company for all profits made or benefits received; (iii) damages; (iv) interest; (v) costs; and (vi) further or other relief.

## **GEARING RATIO**

As at 31 March 2012, the Group's gearing ratio was approximately 13% (2011: 4%), based on total borrowings of approximately HK\$18,492,000 (2011: HK\$3,285,000) and total equity of the Group of approximately HK\$137,785,000 (2011: HK\$71,248,000).

## **SIGNIFICANT INVESTMENTS HELD**

As at 31 March 2012, the Group held available-for-sale financial assets of approximately HK\$112,000 (2011: HK\$484,000) and held for trading investments of approximately HK\$33,259,000 (2011: HK\$30,879,000).

## **CHARGES OF ASSETS**

As at 31 March 2012, the investment properties and the property, plant and equipment with an aggregate carrying value of approximately HK\$82,900,000 and approximately HK\$261,000 respectively (2011: HK\$25,848,000 and HK\$1,159,000 respectively) were pledged as security for the borrowing facilities of the Group.

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

The Group holds buildings in RMB and available-for-sales financial assets in Japanese Yen. The Group is therefore exposed to currency risks, as the value of the assets will fluctuate due to change in exchange rates.

## **CONTINGENT LIABILITIES**

Details of the contingent liabilities are set out in Note 14 to the consolidated financial statements as set out in this announcement.

## **STAFF**

The Group had 103 (2011: 113) full-time employees in Hong Kong and the PRC as at 31 March 2012.

During the year, the Group incurred total staff costs from continuing operations (including Directors' emoluments) of approximately HK\$23,624,000 (2011: HK\$17,422,000).

Employees' remuneration are determined in accordance with their experiences, competence, qualifications and nature of duties and the current market trend. Apart from the basic salary, commission, discretionary bonus or other incentives are offered to employees to reward their performance and contributions.

The emoluments of the Directors are decided by their individual performance, their responsibilities and the current market rate.

The Company has adopted a share option scheme under which the Company may grant options to Directors and eligible employees to subscribe the shares of the Company.

## **AUDIT COMMITTEE**

The Board established an audit committee with written terms of reference in accordance with Rule 5.28 of the GEM Listing Rules. The audit committee currently 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 annual results for the year ended 31 March 2012 have been reviewed by the audit committee of the Company.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the year ended 31 March 2012.

## **CORPORATE GOVERNANCE PRACTICE**

The Board is committed to maintaining a high standard of corporate governance. The corporate governance principles of the Company emphasize a quality board, sound internal control, transparency and accountability to all shareholders.

The Board has reviewed the Company's corporate governance practices and is of the opinion that the Company has met the provisions set out in the Code on Corporate Governance Practices ("CG Code"), contained in Appendix 15 to the GEM Listing Rules during the year ended 31 March 2012, 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. During the year ended 31 March 2012, Ms. LO Yuk Yee was the chairman of the Company since 25 January 2011.

Mr. LUM Chor Wah, Richard was appointed as an executive Director and chief executive officer of the Company on 30 September 2010 until 28 June 2011. Thereafter, the post of chief executive officer was vacant and its roles and responsibilities were shared amongst against the members of the Board.

## **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 dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31 March 2012. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors.



## PROSPECT

It is believed that the Group's years of efforts to build its business fundamentals and acquire appropriate companies in the burgeoning IMM sectors have allowed the Group to capitalize on the tremendous growth of the mainstream PRC consumer markets in the coming years.

Looking ahead, the Group will benefit significantly from the many exciting business opportunities arising from the latest positive market trends including (i) the penetration of 3G services in the PRC; (ii) the growing prevalence of mobile internet combined with massive mobile user base in the PRC; (iii) the success of online application business model; (iv) the plan of converging IMM sectors in the PRC and the increasing integration between Hong Kong's and the PRC's financial markets and the internationalization of the RMB.

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

Hong Kong, 26 June 2012

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

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading or deceptive.*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website for at least seven days from the day of its posting and on the website of the Company at [www.finet.hk](http://www.finet.hk).*