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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 2013

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\$29.5 million for the year ended 31 March 2013, representing an increase of approximately 9% from approximately HK\$27.2 million of last year.
- The consolidated profit attributable to owners of the Company for the year ended 31 March 2013 was approximately HK\$27.0 million.
- The board of Directors does not recommend the payment of dividend for the year ended 31 March 2013.

ANNUAL RESULTS

The board of Directors (the “Board”) is pleased to present the consolidated results of the Group for the year ended 31 March 2013, together with the comparative figures for the corresponding period in 2012 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	<i>Note</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i> (restated)
Revenue	3	29,491	27,167
Cost of sales		<u>(8,194)</u>	<u>(9,324)</u>
Gross profit		21,297	17,843
Other income and gains	5	58,144	7,041
Selling and marketing expenses		(1,435)	(663)
General and administrative expenses		(46,589)	(43,173)
Other operating expenses		(4,000)	(48)
Finance costs	6	<u>(722)</u>	<u>(397)</u>
Profit/(loss) before income tax	7	26,695	(19,397)
Income tax expense	8	<u>(1,100)</u>	<u>(1,156)</u>
Profit/(loss) for the year		<u>25,595</u>	<u>(20,553)</u>
Profit/(loss) attributable to:			
Owners of the Company		27,047	(20,553)
Non-controlling interests		<u>(1,452)</u>	<u>—</u>
		<u>25,595</u>	<u>(20,553)</u>
Profit/(loss) for the year		25,595	(20,553)
Other comprehensive income:			
Fair value loss on available-for-sale financial assets		(79)	(372)
Currency translation differences		326	(429)
Other comprehensive income for the year		<u>247</u>	<u>(801)</u>
Total comprehensive income for the year		<u>25,842</u>	<u>(21,354)</u>
Attributable to:			
Owners of the Company		27,294	(21,354)
Non-controlling interests		<u>(1,452)</u>	<u>—</u>
		<u>25,842</u>	<u>(21,354)</u>
Earnings/(loss) per share for profit/(loss) attributable to the owners of the Company during the year	10		
— Basic and diluted		<u>6.1 cents</u>	<u>(5.6) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

	<i>Note</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		4,084	4,405
Investment properties		86,800	82,900
Intangible assets		950	950
Statutory deposits and other assets		405	405
Available-for-sale financial assets		33	112
		<u>92,272</u>	<u>88,772</u>
Current assets			
Accounts receivable	11	18,566	6,375
Prepayments, deposits and other receivables		7,158	8,697
Tax recoverable		6	31
Held for trading investments		70,065	33,259
Client trust bank balances		335	6,832
Cash and cash equivalents		19,576	41,136
		<u>115,706</u>	<u>96,330</u>
Total assets		<u>207,978</u>	<u>185,102</u>
Current liabilities			
Accounts payable	12	1,026	10,389
Accruals and other payables		6,915	8,109
Deferred income		2,029	2,285
Amount due to a related company		4,398	—
Finance lease payables — due within one year		37	146
Borrowings — due within one year		14,650	16,055
		<u>29,055</u>	<u>36,984</u>
Net current assets		<u>86,651</u>	<u>59,346</u>
Total assets less current liabilities		<u>178,923</u>	<u>148,118</u>
Non-current liabilities			
Finance lease payables — due after one year		—	37
Borrowings — due after one year		1,985	2,254
Deferred tax liabilities		8,961	8,042
		<u>10,946</u>	<u>10,333</u>
Net assets		<u>167,977</u>	<u>137,785</u>
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	13	4,408	4,408
Reserves		162,797	133,377
		<u>167,205</u>	<u>137,785</u>
Non-controlling interests		772	—
Total equity		<u>167,977</u>	<u>137,785</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Reserves													
	Share capital	Share premium	Merger reserve	Employee		Translation reserve	Property		Investment revaluation reserve	Warrants reserve	Accumulated losses	Total reserves	Non-controlling interests	Total equity
				compensation reserve	Other reserve		revaluation reserve	revaluation reserve						
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 April 2011	22,041	226,081	4,870	—	—	110	9,989	(848)	—	(190,995)	49,207	—	71,248	
Comprehensive income														
Loss for the year	—	—	—	—	—	—	—	—	—	(20,553)	(20,553)	—	(20,553)	
Other comprehensive income														
Fair value loss on available-for-sale financial assets	—	—	—	—	—	—	—	(372)	—	—	(372)	—	(372)	
Currency translation differences	—	—	—	—	—	(429)	—	—	—	—	(429)	—	(429)	
Total other comprehensive income	—	—	—	—	—	(429)	—	(372)	—	—	(801)	—	(801)	
Total comprehensive income	—	—	—	—	—	(429)	—	(372)	—	(20,553)	(21,354)	—	(21,354)	
Transactions with owners														
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	
Total contributions by and distributions to owners	(17,633)	(2,572)	—	536	—	—	—	—	1,763	105,797	105,524	—	87,891	
Balance at 31 March 2012 and 1 April 2012	4,408	223,509	4,870	536	—	(319)	9,989	(1,220)	1,763	(105,751)	133,377	—	137,785	
Comprehensive income														
Profit for the year	—	—	—	—	—	—	—	—	—	27,047	27,047	(1,452)	25,595	
Other comprehensive income														
Fair value loss on available-for-sale financial assets	—	—	—	—	—	—	—	(79)	—	—	(79)	—	(79)	
Currency translation differences	—	—	—	—	—	326	—	—	—	—	326	—	326	
Total other comprehensive income	—	—	—	—	—	326	—	(79)	—	—	247	—	247	
Total comprehensive income	—	—	—	—	—	326	—	(79)	—	27,047	27,294	(1,452)	25,842	
Transactions with owners														
Capital contribution from non-controlling interests	—	—	—	—	1,776	—	—	—	—	—	1,776	2,224	4,000	
Share options lapsed during the year	—	—	—	(134)	—	—	—	—	—	134	—	—	—	
Employee share-based compensation	—	—	—	350	—	—	—	—	—	—	350	—	350	
Total contributions by and distributions to owners	—	—	—	216	1,776	—	—	—	—	134	2,126	2,224	4,350	
Balance at 31 March 2013	4,408	223,509	4,870	752	1,776	7	9,989	(1,299)	1,763	(78,570)	162,797	772	167,977	

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 30/F, Fortis Tower, 77-79 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 2013 but are extract from those financial statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of preparation

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.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

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 2012 but do not have a material impact on the Group.

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendment)	Disclosures — Transfers of Financial Assets
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets

(b) Amended standard have been issued but are not effective for the financial year beginning 1 April 2012 and have been early adopted by the Group

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income ¹
HKAS 19 (2011)	Employee Benefits ²
HKAS 27 (2011)	Separate Financial Statements ²
HKAS 28 (2011)	Investments in Associates and Joint Ventures ²
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities ³
HKFRS 1 (Amendment)	Government Loans ²
HKFRS 7 (Amendment)	Disclosures — Offsetting Financial Assets and Liabilities ²
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ²
Amendment to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance ²
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendment	Investment Entities ³
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosures of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine ²
Annual Improvements Project	Annual Improvements 2009–2011 Cycle ²

¹ Changes effective for annual periods beginning on or after 1 July 2012

² Changes effective for annual periods beginning on or after 1 January 2013

³ Changes effective for annual periods beginning on or after 1 January 2014

⁴ Changes effective for annual periods beginning on or after 1 January 2015

The Group has already commenced an assessment of related impact of adopting the above new, revised or amended standards and interpretations to the Group. The Group is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the consolidated financial statements will be resulted.

Certain comparative amounts of the consolidated statement of comprehensive income have been reclassified and restated to conform with current year's presentation as the Group has introduced an additional reportable operating segment regarding property investments during the year. Accordingly, rental income from investment properties of approximately HK\$1,880,000 for the year ended 31 March 2012, which was previously presented and included in other income and gains on the face of consolidated statement of comprehensive income, have been reclassified and included in the revenue of the consolidated statement of comprehensive income.

3. REVENUE

Revenue recognized during the year is as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i> (restated)
Service income from provision of financial information services	22,826	21,876
Advertising income	1,738	1,882
Brokerage commission and service income from securities and futures business	564	1,529
Loan interest income	1,703	—
Rental income from investment properties	2,660	1,880
	<u>29,491</u>	<u>27,167</u>

4. SEGMENT INFORMATION

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

At 31 March 2013, the Group is organized into four 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, this segment also include results of the media business;
- (ii) Securities and futures business that specializes in the provision of online securities and futures trading;
- (iii) Money lending business; and
- (iv) Property investment.

The segment results for the year ended 31 March 2013 are as follows:

	Securities and futures business <i>HK\$'000</i>	Financial information services business <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Group <i>HK\$'000</i>
Gross revenue	567	24,564	1,703	2,660	29,494
Inter-segment revenue	(3)	—	—	—	(3)
Revenue from external customers	564	24,564	1,703	2,660	29,491
Segment results	(3,049)	26,929	617	2,920	27,417
Finance costs					(722)
Profit before income tax					26,695
Income tax expense					(1,100)
Profit for the year					<u>25,595</u>

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

Provision for impairment of deposits	—	(2,239)	—	—	(2,239)
Fair value gain on investment properties	—	—	—	3,900	3,900
Fair value gain on held for trading investments	—	51,867	—	—	51,867
Equity-settled share-based payments	—	(350)	—	—	(350)
Depreciation of property, plant and equipment	(96)	(2,776)	(1)	(25)	(2,898)

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

	Securities and futures business <i>HK\$'000</i>	Financial information services business <i>HK\$'000</i>	Money lending business <i>HK\$'000</i> (restated)	Property investment <i>HK\$'000</i> (restated)	Group <i>HK\$'000</i> (restated)
Gross revenue	1,547	23,758	—	1,880	27,185
Inter-segment revenue	(18)	—	—	—	(18)
Revenue from external customers	<u>1,529</u>	<u>23,758</u>	<u>—</u>	<u>1,880</u>	<u>27,167</u>
Segment results	(3,108)	(15,736)	—	(156)	(19,000)
Finance costs					<u>(397)</u>
Loss before income tax					(19,397)
Income tax expense					<u>(1,156)</u>
Loss for the year					<u><u>(20,553)</u></u>

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

Fair value loss on investment properties	—	—	—	(48)	(48)
Fair value gain on held for trading investments	—	3,546	—	—	3,546
Equity-settled share-based payments	—	(536)	—	—	(536)
Depreciation of property, plant and equipment	<u>(158)</u>	<u>(2,283)</u>	<u>—</u>	<u>(12)</u>	<u>(2,453)</u>

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.

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

The segment assets and liabilities at 31 March 2013 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>	Money lending business <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Group <i>HK\$'000</i>
Assets	<u>9,418</u>	<u>94,171</u>	<u>17,190</u>	<u>87,199</u>	<u>207,978</u>
Liabilities	<u>440</u>	<u>9,679</u>	<u>3,819</u>	<u>26,063</u>	<u>40,001</u>
Capital expenditure	<u>—</u>	<u>2,686</u>	<u>—</u>	<u>—</u>	<u>2,686</u>

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> (restated)	Money lending business <i>HK\$'000</i> (restated)	Property investment <i>HK\$'000</i> (restated)	Group <i>HK\$'000</i>
Assets	<u>22,846</u>	<u>76,626</u>	<u>1,560</u>	<u>84,070</u>	<u>185,102</u>
Liabilities	<u>10,552</u>	<u>11,083</u>	<u>11</u>	<u>25,671</u>	<u>47,317</u>
Capital expenditure	<u>100</u>	<u>2,694</u>	<u>3</u>	<u>57,190</u>	<u>59,987</u>

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i> (restated)
Revenue		
Hong Kong	<u>24,680</u>	21,267
PRC	<u>4,811</u>	5,900
	<u>29,491</u>	<u>27,167</u>

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Total assets		
Hong Kong	<u>173,706</u>	152,010
PRC	<u>34,239</u>	31,586
Other countries	<u>33</u>	1,506
	<u>207,978</u>	<u>185,102</u>

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Capital expenditure		
Hong Kong	2,036	59,138
PRC	650	849
	<u>2,686</u>	<u>59,987</u>

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

Revenue of approximately HK\$6,949,000 (2012: HK\$6,418,000) are derived from a single external customer and are attributable to financial information services business segment.

5. OTHER INCOME AND GAINS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i> (restated)
Gain on a bargain purchase	—	1,185
Dividend income from held-for-trading investments	433	200
Interest income from bank deposits	12	4
Net foreign exchange gains	336	743
Fair value gain on investment properties	3,900	—
Fair value gain on held for trading investments	51,867	3,546
Management fee income	1,416	1,332
Sundry income	180	31
	<u>58,144</u>	<u>7,041</u>

6. FINANCE COSTS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interest expense on bank borrowings:		
— not wholly repayable within five years	690	362
Interest on finance leases	32	35
	<u>722</u>	<u>397</u>

7. PROFIT/(LOSS) BEFORE INCOME TAX

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Operating lease payments		
— in respect of rented premises	5,631	4,980
— in respect of office equipment	13	12
Provision for impairment of deposits	2,239	—
Depreciation of property, plant and equipment	2,898	2,453
Loss on disposal of property, plant and equipment	117	—
Direct operating expenses arising on rental-earning investment properties	129	113
Auditors' remuneration		
— current year provision	388	420
— over-provision in prior year	—	(132)
	<u> </u>	<u> </u>

8. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year. 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.

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Current tax:		
— Hong Kong profits tax		
— Adjustment in respect of prior years	—	(38)
— Overseas taxation — PRC	181	60
	<u> </u>	<u> </u>
	181	22
Deferred tax	919	1,134
	<u> </u>	<u> </u>
Income tax expense	<u>1,100</u>	<u>1,156</u>

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate of 16.5% (2012: 16.5%) as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Profit/(loss) before income tax	<u>26,695</u>	<u>(19,397)</u>
Tax calculated at Hong Kong profits tax rate	4,405	(3,201)
Effect of different tax rates of other jurisdictions	(589)	(611)
Income not subject to tax	(964)	(233)
Expenses not deductible for tax purposes	1,104	1,357
Tax effect of temporary differences not recognized	321	(14)
Tax losses for which no deferred income tax asset was recognized	3,919	2,724
Effect of revaluation of properties	919	1,134
Utilization of previously unrecognized tax losses	(8,015)	—
	<u> </u>	<u> </u>
Income tax expense	<u>1,100</u>	<u>1,156</u>

9. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss attributable to the owners of the Company is dealt with in the financial statements of the Company to the extent of approximately HK\$8,476,000 (2012: HK\$12,413,000).

10. EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit attributable to owners of the Company for the year ended 31 March 2013 of approximately HK\$27,047,000 (2012: HK\$20,553,000 loss) by the weighted average number of approximately 440,818,000 (2012: 369,517,000) ordinary shares in issue during the year.

(b) Diluted

The computation of diluted earnings/(loss) per share for the years ended 31 March 2013 and 2012 did not assume the exercise of the Company's share options and warrants outstanding during those years since they are anti-dilutive.

11. ACCOUNTS RECEIVABLE

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Accounts receivable arising from the ordinary course of business of dealing in futures contracts and options		
— Brokers	—	1,288
— HKFE Clearing Corporation Limited	—	2,303
	—	3,591
Accounts receivable arising from the ordinary course of business of dealing in securities — Hong Kong Securities Clearing Company Limited	—	130
Loans receivable	15,447	—
Other trade receivables	3,119	2,654
Accounts receivable	<u>18,566</u>	<u>6,375</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.

Loans receivable are unsecured, interest-bearing at rates ranging from 2% per month to 3% per month, and have a maturity date of less than one month. As at the date of this announcement, the loans receivable were fully settled.

The credit terms granted by the Group to its customers range from 10 days to 90 days. At 31 March 2013, the ageing analysis of the other trade receivables was as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
0–30 days	1,490	1,213
31–60 days	431	524
61–90 days	47	222
Over 90 days	1,151	695
	<u>3,119</u>	<u>2,654</u>

As of 31 March 2013, other trade receivables of approximately HK\$1,151,000 (2012: HK\$695,000) 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:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Over 90 days	<u>1,151</u>	<u>695</u>

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Hong Kong dollars	17,809	4,680
Renminbi	674	268
United States dollars	83	139
Japanese Yen	<u>—</u>	<u>1,288</u>
	<u>18,566</u>	<u>6,375</u>

The maximum exposure to credit risk at the reporting date is the carrying amount of the accounts receivable mentioned above. The Group does not hold any collateral as security.

12. ACCOUNTS PAYABLE

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Accounts payable arising from securities broking		
— Clients	298	3,200
Accounts payable arising from futures broking		
— Clients	37	6,058
Other trade payables	<u>691</u>	<u>1,131</u>
Accounts payable	<u>1,026</u>	<u>10,389</u>

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 2013, the ageing analysis of the other trade payables was as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
0–30 days	61	467
31–60 days	395	609
61–90 days	<u>—</u>	<u>—</u>
Over 90 days	<u>235</u>	<u>55</u>
	<u>691</u>	<u>1,131</u>

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Renminbi	12	12
Hong Kong dollars	634	8,275
Japanese Yen	8	1,816
United States dollars	372	286
	<u>1,026</u>	<u>10,389</u>

13. SHARE CAPITAL

	2013		2012	
	<i>Number of shares</i>	<i>Amount (HK\$'000)</i>	<i>Number of shares</i>	<i>Amount (HK\$'000)</i>
Ordinary shares of HK\$0.01 (2012: HK\$0.01) each				
Authorized:				
At beginning of the year	15,000,000,000	150,000	1,000,000,000	50,000
Increase during the year (<i>Note (a)</i>)	—	—	2,000,000,000	100,000
	<u>15,000,000,000</u>	<u>150,000</u>	3,000,000,000	150,000
Share consolidation (<i>Note (b)</i>)	—	—	(2,400,000,000)	—
	<u>15,000,000,000</u>	<u>150,000</u>	600,000,000	150,000
Capital reduction				
— reduction in nominal value (<i>Note (d)(i)</i>)	—	—	—	(144,000)
— subdivision (<i>Note (d)(ii)</i>)	—	—	14,400,000,000	144,000
At end of the year	<u>15,000,000,000</u>	<u>150,000</u>	<u>15,000,000,000</u>	<u>150,000</u>
Issued and fully paid:				
At beginning of the year	440,818,880	4,408	440,813,053	22,041
Issue of shares upon exercise of bonus warrants (<i>Note (e)</i>)	—	—	5,829	—
	<u>440,818,880</u>	<u>4,408</u>	440,818,882	22,041
Share consolidation (<i>Note (b)</i>)	—	—	(352,655,106)	—
	<u>440,818,880</u>	<u>4,408</u>	88,163,776	22,041
Issue of shares upon open offers (<i>Note (c)</i>)	—	—	352,655,104	88,164
	<u>440,818,880</u>	<u>4,408</u>	440,818,880	110,205
Capital reduction				
— reduction in nominal value (<i>Note (d)(i) & (iii)</i>)	—	—	—	(105,797)
At end of the year	<u>440,818,880</u>	<u>4,408</u>	<u>440,818,880</u>	<u>4,408</u>

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 352,655,104 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.
- (f) 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

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 liberal actions consecutively. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year, the Group continued its Internet, Mobile and Media (“IMM”) growth strategy, the Group further strengthened its hold on media business with focus on financial sector through the continuous development of the “FinTV” branding. Both the broadness and depth of programmes offered by FinTV has been multiplied during the year. A studio was launched in Admiralty in June 2012 and further enhancement of the studio in terms of capacity and capability is being planned. The Group believes that the FinTV will be one of the major driver for future growth in business. To broaden its revenue bases and to better utilize its resources, the Group taps on the property investment and money lending business with satisfactory results.

MEDIA BUSINESS

The Group mainly conducted its media business through the establishment of Xin Dai TV Limited together with a number of subsidiaries (“Xian Dai”). In addition to the production and distribution of programmes through the branding “FinTV”, Xian Dai also engaged in financial public relationship and creative advertising. During the year, the capital base of Xian Dai was enlarged by the subscription of additional share capital of HK\$4,000,000 at par by Maxx Management Services Limited, a company wholly owned by Ms. Lo Yuk Yee (“Ms. LO”). For the purpose of segment reporting in this annual report, the results of the media business has been included in the “Financial information services business” segment.

PROPERTY INVESTMENT BUSINESS

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

MONEY LENDING BUSINESS

In order to diversify the Group’s business, the Group commenced money lending business in May 2012 through a wholly-owned subsidiary, Finet Finance Limited.

FINANCIAL INFORMATION SERVICE BUSINESS

With the rapidly changing business environments in Hong Kong and the PRC together with the high requirement of the investors, the Group has continued to provide investors with one-stop shop solution 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, expand its financial news distribution channels and introduce value-added services in press release, media monitoring and investor relations to its clients, which so far have been appreciated by the market. Besides, 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.

During the year, the Group successful co-hosted the event “Top 100 Hong Kong Stocks” with Tencent that re-affirm the Group’s status as one of the leading financial information services provider in Hong Kong.

SECURITIES AND FUTURES BUSINESS

With the volatile situation of stock markets and keen competition, the revenue generated from securities and futures business continued to decrease and in order to re-focus its financial resources and management effort to more promising business the Group entered into a conditional sale and purchase agreement on 3 June 2013 to dispose the entire equity interest in Finet Securities Limited, the major operating arm of the Group in securities and futures business.

FINANCIAL REVIEW

Revenue of the Group for the year ended 31 March 2013 was approximately HK\$29,491,000 (2012: HK\$27,167,000 as restated), which represented an increase of approximately 9% as compared to the previous financial year. The net increase was primarily attributable to: (i) loan interest income of approximately HK\$1,703,000 from money lending business; (ii) an increase in income from financial information services and advertising services of approximately HK\$806,000; (iii) decrease in the income from securities and futures business of approximately HK\$965,000; and (iv) increase in rental income from property investment business of approximately HK\$780,000.

Other income and gains of the Group for the year ended 31 March 2013 was approximately HK\$58,144,000 (2012: HK\$7,041,000 as restated). The increase was mainly due to the fair value gain on held for trading investments of approximately HK\$51,867,000 in 2013. The amounts for 2012 included 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 of the Group for the year ended 31 March 2013 was approximately HK\$8,194,000 (2012: HK\$9,324,000), representing a decrease of approximately 12% as compared to the previous financial year as a result of cost savings effort.

Selling and marketing expenses of the Group for the year ended 31 March 2013 was increased to approximately HK\$1,435,000 compared with approximately HK\$663,000 in 2012, represented an increase of approximately 116%. The increase was mainly attributable to the increase in marketing and promotion efforts of financial information services business and media business.

General and administrative expenses of the Group for the year ended 31 March 2013 was increased to approximately HK\$46,589,000 (2012: HK\$43,173,000), in line with inclusion of new business.

Other operating expenses for the year ended 31 March 2013 were approximately HK\$4,000,000 (2012: HK\$48,000), which mainly represented the settlement cost of a litigation.

Finance costs for the year ended 31 March 2013 were approximately HK\$722,000 (2012: HK\$397,000), 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 equipment.

There is no provision of Hong Kong profits tax for the year ended 31 March 2013. Approximately HK\$181,000 was paid during the year ended 31 March 2013 (2012: HK\$60,000) for the rental income from the investment properties of the Company in the PRC. The deferred tax of approximately HK\$919,000 was mainly attributable to PRC deferred tax liabilities from revaluation of investment properties in the PRC.

Loss attributable to non-controlling interests of approximately HK\$1,452,000 in 2013 (2012: Nil), represented its share of loss in the Group's media business.

The consolidated profit attributable to owners of the Company for the year ended 31 March 2013 was approximately HK\$27,047,000 (2012: HK\$20,553,000 loss).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 31 March		
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	change
Net current assets	86,651	59,346	+46%
Total assets	207,978	185,102	+12%
Total liabilities	40,001	47,317	-15%
Total equity	167,977	137,785	+22%
Cash and cash equivalents	19,576	41,136	-52%
Debts to equity ratio	0.24x	0.34x	-29%
Gearing ratio	0.10x	0.13x	-23%

As at 31 March 2013, the total assets of the Group increased by approximately HK\$22,876,000 to approximately HK\$207,978,000 as compared to approximately HK\$185,102,000 as at the end of the previous financial year, representing an increase of approximately 12%.

As at 31 March 2013, the total liabilities of the Group decreased by approximately HK\$7,316,000 to approximately HK\$40,001,000 as compared to approximately HK\$47,317,000 as at the end of the previous financial year, representing a decrease of approximately 15%.

As at 31 March 2013, the total equity of the Group increased by approximately HK\$30,192,000 to approximately HK\$167,977,000 as compared to approximately HK\$137,785,000 as at the end of the previous financial year, representing an increase of approximately 22%.

LITIGATION AND SETTLEMENT

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 former chairman and director of the Company, Yu Gang, George (“**YU**”), 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 not less than USD5,000,000 plus interest and costs. YU ceased to be a director of the Company from 30 September 2010.

On 20 May 2011, the Company received a writ of summons 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 YU, plus interest and costs.

On 27 June 2011, the Company received an amended writ of summons (“**Amended Writ**”) and a statement of claim (“**Statement of Claim**”) from the Claimants that 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 Claimants; and the alleged misrepresentation made through YU, 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 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.

As disclosed in the announcement of the Company dated 10 September 2012, upon the agreement of the Claimants and the Company, the mediation in relation to the relevant disputes was held in July 2012. Subsequent to such mediation, the parties filed the consent summons with the High Court of the Hong Kong Special Administrative Region (“**Court**”). In August 2012, the Court granted the order (“**Order**”) pursuant to which, among others, (i) the Company shall pay the Claimants an agreed sum of HK\$4,000,000 (“**Agreed Sum**”) on or before 10 September 2012 in full and final settlement of the Claimants’ claims against the Company in the relevant action; and (ii) upon payment of the Agreed Sum, the relevant action will be dismissed and the parties shall be debarred from bringing any subsequent action against each other in respect of the matters arising in the relevant action. The Company settled the claim by paying the Agreed Sum to the Claimants on 10 September 2012.

LEGAL ACTION AGAINST A FORMER CHAIRMAN AND DIRECTOR OF THE COMPANY

On 3 December 2012 and further to the statements of claim against YU issued on 14 June 2012, the Group issued an amended statement of claim against YU for breaches of the fiduciary duties during his directorship: (i) without any or any proper authorization, YU embezzled a total sum of RMB3,238,015.30 from the Company in relation to the unauthorized and unlawful remittances made to YU’s personal bank account, purportedly for settlement of expenses for certain PRC subsidiaries of the Group; and (ii) unlawfully caused the transfer from the PRC subsidiary to his own bank account, a total sum of RMB721,000, which was meant to be paid to that subsidiary by a client of that 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.

CONNECTED TRANSACTION

On 19 December 2012, the Company announced that Xian Dai entered into the subscription agreement (“**Subscription Agreement**”) with Maxx Management Services Limited (“**Maxx Management**”).

Pursuant to the Subscription Agreement, Maxx Management subscribed for 4,000,000 new shares of HK\$1 each of Xian Dai for cash at the subscription price of HK\$4,000,000 in aggregate (“**Subscription**”), representing 50% of the issued share capital of Xian Dai as enlarged by the Subscription.

Ms. LO, being the Director and the ultimate controlling shareholder of the Company, is also the director and the ultimate controlling shareholder of Maxx Management. Accordingly, Maxx Management is a connected person of the Company under the GEM Listing Rules and the Subscription constitutes a connected transaction of the Company.

The Subscription also constitutes a discloseable transaction and is subject to the reporting and announcement requirements but exempt from the independent shareholders’ approval requirement under the GEM Listing Rules. The Subscription was completed on 19 December 2012.

Upon completion of the Subscription, the effective interest of the Group in Xian Dai was reduced from 100% to 50% but Xian Dai remains to be a subsidiary of the Company and the financial result of Xian Dai continues to be consolidated into the consolidated financial statements of the Group.

CONTINUING CONNECTED TRANSACTION

On 19 April 2013, the Company announced that the Group (as tenant) entered into a tenancy agreement (the “**Transaction**”) with Cyber Feel Limited (as landlord), a company incorporated in Hong Kong and wholly owned by Ms. LO, in respect of office premises for a term of 24 months from 1 April 2013 at a monthly rental (excluding rates, management fees, air-conditioning charges and other outgoings) of HK\$241,300 with an option granted to the Group to renew the lease term for a further 3 years. The Transaction constitutes a continuing connected transaction for the Group and is subject to reporting and announcement requirements and annual review requirements but is exempted from independent shareholders’ approval under the GEM Listing Rules.

GEARING RATIO

As at 31 March 2013, the Group’s gearing ratio was approximately 10% (2012: 13%), based on total borrowings of approximately HK\$16,672,000 (2012: HK\$18,492,000) and total equity of the Group of approximately HK\$167,977,000 (2012: HK\$137,785,000).

SIGNIFICANT INVESTMENTS HELD

As at 31 March 2013, the Group held available-for-sale financial assets of approximately HK\$33,000 (2012: HK\$112,000) and held for trading investments of approximately HK\$70,065,000 (2012: HK\$33,259,000).

CHARGES OF ASSETS

As at 31 March 2013, the Group’s investment properties and property, plant and equipment with an aggregate carrying value of approximately HK\$86,800,000 and approximately HK\$126,000 respectively (2012: HK\$82,900,000 and HK\$261,000 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.

STAFF

The Group had 108 (2012: 103) full-time employees in Hong Kong and the PRC as at 31 March 2013.

During the year, the Group incurred total staff costs (including Directors’ emoluments) of approximately HK\$20,860,000 (2012: HK\$23,624,000).

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.

DISCLOSURE UNDER CHAPTER 17 OF THE GEM LISTING RULES

The Directors confirmed that they were not aware of any circumstances which would give rise to disclosure requirement under Rules 17.15 to 17.21 of GEM Listing Rules.

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, 21 June 2013

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.