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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 2014

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\$23.9 million for the year ended 31 March 2014, representing a decrease of approximately 19% from approximately HK\$29.5 million of last year.
- The consolidated loss attributable to owners of the Company for the year ended 31 March 2014 was approximately HK\$19.3 million.
- The board of Directors does not recommend the payment of dividend for the year ended 31 March 2014.

ANNUAL RESULTS

The board of Directors (the “Board”) is pleased to present the consolidated results of the Group for the year ended 31 March 2014, together with the comparative figures for the corresponding period in 2013 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2014

	<i>Note</i>	2014 HK\$'000	2013 HK\$'000 (restated)
Revenue	3	23,880	29,491
Cost of sales		<u>(12,304)</u>	<u>(14,523)</u>
Gross profit		11,576	14,968
Other income and gains	5	10,652	58,144
Selling and marketing expenses		(2,233)	(1,435)
General and administrative expenses		(40,611)	(40,260)
Other operating expenses		—	(4,000)
Finance costs	6	<u>(595)</u>	<u>(722)</u>
(Loss)/profit before income tax	7	(21,211)	26,695
Income tax expense	8	<u>(1,083)</u>	<u>(1,100)</u>
(Loss)/profit for the year		<u>(22,294)</u>	<u>25,595</u>
(Loss)/profit attributable to:			
— Owners of the Company		(19,305)	27,047
— Non-controlling interests		<u>(2,989)</u>	<u>(1,452)</u>
		<u>(22,294)</u>	<u>25,595</u>
(Loss)/earnings per share for (loss)/profit attributable to the owners of the Company during the year			
— Basic and diluted (in HK cent)	10	<u>(4.4) cents</u>	<u>6.1 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
(Loss)/profit for the year	(22,294)	25,595
Other comprehensive income for the year, net of tax:		
<i>Items that may be reclassified to profit or loss</i>		
Change in fair value on available-for-sale financial assets	307	(79)
Currency translation differences	<u>(6)</u>	<u>326</u>
Total comprehensive (expense)/income for the year	<u>(21,993)</u>	<u>25,842</u>
Total comprehensive (expense)/income for the year, attributable to:		
— Owners of the Company	(19,004)	27,294
— Non-controlling interests	<u>(2,989)</u>	<u>(1,452)</u>
	<u>(21,993)</u>	<u>25,842</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Note	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Property, plant and equipment		8,155	4,084
Investment properties		89,000	86,800
Intangible assets		950	950
Statutory deposits and other assets		405	405
Available-for-sale financial assets		382	33
		<u>98,892</u>	<u>92,272</u>
Current assets			
Accounts receivable	11	9,682	18,566
Prepayments, deposits and other receivables		4,802	7,158
Tax recoverable		6	6
Held for trading investments		—	70,065
Client trust bank balances		342	335
Cash and cash equivalents		69,701	19,576
		<u>84,533</u>	<u>115,706</u>
Total assets		<u>183,425</u>	<u>207,978</u>
Current liabilities			
Accounts payable	12	2,430	1,026
Accruals and other payables		8,351	6,915
Deferred income		1,431	2,029
Amount due to a related company		1,904	4,398
Finance lease payables — due within one year		—	37
Borrowings — due within one year		12,967	14,650
		<u>27,083</u>	<u>29,055</u>
Net current assets		<u>57,450</u>	<u>86,651</u>
Total assets less current liabilities		<u>156,342</u>	<u>178,923</u>
Non-current liabilities			
Borrowings — due after one year		—	1,985
Deferred tax liabilities		9,939	8,961
		<u>9,939</u>	<u>10,946</u>
Net assets		<u>146,403</u>	<u>167,977</u>
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	13	4,408	4,408
Reserves		144,212	162,797
		<u>148,620</u>	<u>167,205</u>
Non-controlling interests		<u>(2,217)</u>	<u>772</u>
Total equity		<u>146,403</u>	<u>167,977</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Attributable to owners of the Company													
	Share capital	Share premium	Merger reserve	Employee compensation reserve	Other reserve	Translation reserve	Property revaluation reserve	Investment revaluation reserve	Warrants reserve	Accumulated losses	Total reserves	Non-controlling interests	Total equity	
	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 2012	4,408	223,509	4,870	536	—	(319)	9,989	(1,220)	1,763	(105,751)	137,785	—	137,785	
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/(expense)	—	—	—	—	—	326	—	(79)	—	—	247	—	247	
Total comprehensive income/(expense)	—	—	—	—	—	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 and 1 April 2013	4,408	223,509	4,870	752	1,776	7	9,989	(1,299)	1,763	(78,570)	167,205	772	167,977	
Loss for the year	—	—	—	—	—	—	—	—	—	(19,305)	(19,305)	(2,989)	(22,294)	
Other comprehensive income														
Fair value gain on available-for-sale financial assets	—	—	—	—	—	—	—	307	—	—	307	—	307	
Currency translation differences	—	—	—	—	—	(6)	—	—	—	—	(6)	—	(6)	
Total other comprehensive (expense)/income	—	—	—	—	—	(6)	—	307	—	—	301	—	301	
Total comprehensive (expense)/income	—	—	—	—	—	(6)	—	307	—	(19,305)	(19,004)	(2,989)	(21,993)	
Transactions with owners														
Share options lapsed during the year	—	—	—	(178)	—	—	—	—	—	178	—	—	—	
Employee share-based compensation	—	—	—	419	—	—	—	—	—	—	419	—	419	
Total contributions by and distributions to owners	—	—	—	241	—	—	—	—	—	178	419	—	419	
Balance at 31 March 2014	4,408	223,509	4,870	993	1,776	1	9,989	(992)	1,763	(97,697)	148,620	(2,217)	146,403	

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 Companies Act 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 2014 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 accountings estimates. It also requires management to exercise its judgment in process of applying the Group's certain policy.

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 on or after 1 April 2013:

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

Amendment to HKAS 1, "Financial statement presentation" regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

HKFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

HKFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between HKFRSs, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs.

(b) Amended standards that have been issued but are not effective for the financial year beginning 1 April 2013 and have been early adopted by the Group

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle ²
HKFRS 9	Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities ¹
HKFRS 11 (Amendments)	Accounting for interests in joint ventures and joint operations ⁵
HKFRS 14	Regulatory Deferral Accounts ⁵
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation ⁵
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ²
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ¹
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets ¹
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting ¹
HK(IFRIC) — Int 21	Levies ¹

¹ Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

² Effective for annual periods beginning on or after 1 July 2014, except as disclosed below. Early application is permitted.

³ Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalized.

⁴ Effective for annual periods beginning on or after 1 July 2014 with limited exceptions.

⁵ Effective for annual periods beginning on or after 1 January 2016 with earlier application permit.

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 income statement have been reclassified to conform with current year's presentation in that the Group has considered the communication expenses related to media production as part of the cost of sales. Accordingly, communication expenses regarding media production of approximately HK\$6,329,000 for the year ended 31 March 2013, which was previously presented and included in general and administrative expenses on the face of consolidated income statement, has been reclassified and included in cost of sales of the consolidated income statement.

3. REVENUE

Revenue recognized during the year is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i> (restated)
Service income from provision of financial information service	15,557	18,984
Advertising, investor relationship and branding promotion and communication service income	3,465	5,580
Brokerage commission and service income from securities and futures business	11	564
Loan interest income	1,938	1,703
Rental income from investment properties	2,909	2,660
	<u>23,880</u>	<u>29,491</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) financial information service business, (ii) securities and futures business, (iii) money lending business and (iv) property investment.

At 31 March 2014, the Group is organized into four main operating segments:

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

The segment results for the year ended 31 March 2014 are as follows:

	Financial information service business HK\$'000	Securities and futures business HK\$'000	Money lending business HK\$'000	Property investment HK\$'000	Group HK\$'000
Gross revenue	19,173	11	1,938	2,909	24,031
Inter-segment revenue	(151)	—	—	—	(151)
Revenue from external customers	19,022	11	1,938	2,909	23,880
Segment results	(17,991)	(2,594)	1	(32)	(20,616)
Finance costs					(595)
Loss before income tax					(21,211)
Income tax expense					(1,083)
Loss for the year					(22,294)
Other segment items included in the consolidated income statement are as follows:					
Provision for impairment loss of deposits	—	—	—	(500)	(500)
Provision for impairment loss of accounts receivable	(224)	—	—	—	(224)
Fair value gain on investment properties	—	—	—	2,200	2,200
Fair value gain on held for trading investments	6,598	—	—	—	6,598
Equity-settled share-based payments	(419)	—	—	—	(419)
Depreciation of property, plant and equipment	(1,860)	(54)	(1)	(176)	(2,091)

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

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

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

Provision for impairment loss 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	<u>(2,776)</u>	<u>(96)</u>	<u>(1)</u>	<u>(25)</u>	<u>(2,898)</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, tax recoverable, 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, intangible assets and statutory deposits and other assets, including additions resulting from acquisitions through business combinations.

The segment assets and liabilities at 31 March 2014 and capital expenditure for the year then ended are as follows:

	Financial information service business HK\$'000	Securities and futures business HK\$'000	Money lending business HK\$'000	Property investment HK\$'000	Group HK\$'000
Assets	<u><u>75,412</u></u>	<u><u>9,778</u></u>	<u><u>7,041</u></u>	<u><u>91,194</u></u>	<u><u>183,425</u></u>
Liabilities	<u><u>9,678</u></u>	<u><u>1,143</u></u>	<u><u>632</u></u>	<u><u>25,569</u></u>	<u><u>37,022</u></u>
Capital expenditure	<u><u>6,143</u></u>	<u><u>65</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>6,208</u></u>

The segment assets and liabilities at 31 March 2013 and capital expenditure for the year then ended are as follows:

	Financial information service business <i>HK\$'000</i>	Securities and futures 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>94,171</u>	<u>9,418</u>	<u>17,190</u>	<u>87,199</u>	<u>207,978</u>
Liabilities	<u>9,679</u>	<u>440</u>	<u>3,819</u>	<u>26,063</u>	<u>40,001</u>
Capital expenditure	<u>2,686</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,686</u>

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue		
Hong Kong	19,105	24,680
The PRC	4,775	4,811
	<u>23,880</u>	<u>29,491</u>

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Total assets		
Hong Kong	145,126	173,706
The PRC	37,917	34,239
Other countries	382	33
	<u>183,425</u>	<u>207,978</u>

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Capital expenditure		
Hong Kong	5,680	2,036
The PRC	528	650
	<u>6,208</u>	<u>2,686</u>

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

Revenue of approximately HK\$7,101,000 (2013: HK\$6,949,000) is derived from a single external customer and are attributable to financial information service business segment.

5. OTHER INCOME AND GAINS

	2014 HK\$'000	2013 HK\$'000
Dividend income from held for trading investments	89	433
Interest income from bank deposits	4	12
Net foreign exchange gains	—	336
Fair value gain on investment properties	2,200	3,900
Fair value gain on held for trading investments	6,598	51,867
Management fee income	1,760	1,416
Sundry income	1	180
	<u>10,652</u>	<u>58,144</u>

6. FINANCE COSTS

	2014 HK\$'000	2013 HK\$'000
Interest expense on bank borrowings:		
— not wholly repayable within five years	587	690
Interest on finance leases	8	32
	<u>595</u>	<u>722</u>

7. (LOSS)/PROFIT BEFORE INCOME TAX

	2014 HK\$'000	2013 HK\$'000
Operating lease payments		
— in respect of rented premises	5,884	5,631
— in respect of office equipment	13	13
Provision for impairment loss of deposits	500	2,239
Provision for impairment loss of accounts receivable	224	—
Depreciation of property, plant and equipment	2,091	2,898
Loss on disposal of property, plant and equipment	39	117
Direct operating expenses arising on rental-earning investment properties	147	129
Auditors' remuneration	388	388

8. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the applicable tax rate of the PRC subsidiaries in the PRC is 25% from 1 January 2008 onwards.

	2014 HK\$'000	2013 HK\$'000
Current tax:		
— Overseas taxation — the PRC	105	181
Deferred tax	978	919
	<u>1,083</u>	<u>1,100</u>

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate of 16.5% (2013: 16.5%) as follows:

	2014 HK\$'000	2013 <i>HK\$'000</i>
(Loss)/profit before income tax	<u>(21,211)</u>	<u>26,695</u>
Tax calculated at Hong Kong profits tax rate	(3,500)	4,405
Effect of different tax rates of other jurisdictions	(564)	(589)
Income not subject to tax	(780)	(964)
Expenses not deductible for tax purposes	104	1,104
Tax effect of temporary differences not recognized	124	321
Tax losses for which no deferred income tax asset was recognized	4,720	3,919
Effect of revaluation of properties	979	919
Utilization of previously unrecognized tax losses	<u>—</u>	<u>(8,015)</u>
Income tax expense	<u>1,083</u>	<u>1,100</u>

9. DIVIDENDS

No dividend was paid or proposed in respect of the year ended 31 March 2014 (2013: Nil) nor has any dividend been proposed since the end of the reporting period.

10. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company for the year ended 31 March 2014 of approximately HK\$(19,305,000) (2013: HK\$27,047,000 profit) by the weighted average number of approximately 440,818,000 (2013: 440,818,000) ordinary shares in issue during the year.

(b) Diluted

The computation of diluted (loss)/earnings per share for the years ended 31 March 2014 and 2013 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

	2014 HK\$'000	2013 <i>HK\$'000</i>
Loans receivable	<u>6,581</u>	<u>15,447</u>
Trade receivables	3,325	3,119
Less: provision for impairment of accounts receivable	<u>(224)</u>	<u>—</u>
	<u>3,101</u>	<u>3,119</u>
Accounts receivable	<u>9,682</u>	<u>18,566</u>

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 year.

The credit terms granted by the Group to its customers range from 10 days to 90 days from the date of billing. The carrying amounts of the accounts receivable approximate to their fair values as these financial assets, which are measured at amortized cost, are expected to be paid within a short period of time, such that the impact of the time value of money is not significant. At 31 March 2014 and 2013, the aging analysis of the trade receivables were as follows:

	2014 HK\$'000	2013 <i>HK\$'000</i>
0–30 days	1,329	1,490
31–60 days	104	431
61–90 days	28	47
Over 90 days	1,640	1,151
	3,101	3,119

As of 31 March 2014, trade receivables of approximately HK\$1,640,000 (2013: HK\$1,151,000) were past due but not impaired. These relate to several major independent customers with no recent history of default.

Aging of trade receivables which are past due but not impaired:

	2014 HK\$'000	2013 <i>HK\$'000</i>
Over 90 days	1,640	1,151

At the end of each reporting period, the recoverability of the Group's trade receivables due from individual customers are assessed based on their credit history, their financial conditions and current market conditions. Consequently, specific impairment provision is recognized.

Movements on the impairment of accounts receivable were as follows:

	2014 HK\$'000	2013 <i>HK\$'000</i>
At the beginning of year	—	—
Provision for impairment of accounts receivable	224	—
At the end of year	224	—

The individually impaired receivable mainly relates to a customer which is in unexpectedly difficult economic situations.

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

	2014 HK\$'000	2013 <i>HK\$'000</i>
Hong Kong dollars	9,400	17,809
Renminbi	239	674
United States dollars	43	83
	9,682	18,566

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Accounts payable arising from securities broking		
— Clients	306	298
Accounts payable arising from futures broking		
— Clients	36	37
Other accounts payable	<u>2,088</u>	<u>691</u>
Accounts payable	<u><u>2,430</u></u>	<u><u>1,026</u></u>

The settlement terms of accounts payable arising from securities broking are one to 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 2014 and 2013, the aging analysis of the other accounts payable was as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0–30 days	1,378	61
31–60 days	289	395
61–90 days	71	—
Over 90 days	<u>350</u>	<u>235</u>
	<u><u>2,088</u></u>	<u><u>691</u></u>

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Renminbi	12	12
Hong Kong dollars	2,366	634
Japanese Yen	—	8
United States dollars	<u>52</u>	<u>372</u>
	<u><u>2,430</u></u>	<u><u>1,026</u></u>

13. SHARE CAPITAL

	2014		2013	
	<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 (2013: HK\$0.01) each Authorized:				
At beginning of year and at the end of 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 year and at the end of year	<u>440,818,880</u>	<u>4,408</u>	<u>440,818,880</u>	<u>4,408</u>

Notes:

As at 31 March 2014, the Company has outstanding warrants conferring the rights to subscribe up to HK\$35,441,124 in aggregate for the shares of the Company.

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 continued to multiply. Being the only Cantonese and Chinese bilingual financial TV in Hong Kong, FinTV brings investors and financial elites in greater China the latest professional report, through television, internet and mobile channels at the same time. The Group believes that the FinTV will be one of the major driver for future growth in business. 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 Xian Dai TV Limited together with a number of subsidiaries (“Xian Dai”). In addition to the production and distribution of programmes through the branding “FinTV”, Xian Dai also engaged in financial public relationship and creative advertising. For the purpose of segment reporting in this annual results, the results of the media business has been included in the “Financial information service 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

The Group’s money lending business continued to provide positive contribution to the financial results of the Group.

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 competitive 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 co-hosted the event “Top 100 Hong Kong Stocks” with Tencent for the second consecutive year and re-affirms 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 the Group entered into a conditional sale and purchase agreement (“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. As additional time is required for the fulfillment of the conditions precedent to the Agreement, the long stop date for completion of the Agreement was extended from 3 October 2013 to 3 February 2014. On 6 February 2014, the Company announced that the conditions precedent to the Agreement have not been fulfilled and the Agreement was lapsed.

FINANCIAL REVIEW

Revenue of the Group for the year ended 31 March 2014 was approximately HK\$23,880,000 (2013: HK\$29,491,000), which represented a decrease of approximately 19% as compared to the previous financial year. The net decrease was primarily attributable to: (i) an increase in loan interest income of approximately HK\$235,000 from money lending business; (ii) a decrease in income from financial information services and advertising services of approximately HK\$5,542,000; (iii) a decrease in the income from securities and futures business of approximately HK\$553,000; and (iv) an increase in rental income from property investment business of approximately HK\$249,000.

Other income and gains of the Group for the year ended 31 March 2014 was approximately HK\$10,652,000 (2013: HK\$58,144,000). The decrease was mainly due to the decrease in fair value gain on held for trading investments of approximately HK\$45,269,000 in 2014.

Cost of sales of the Group for the year ended 31 March 2014 was approximately HK\$12,304,000 (2013: HK\$14,523,000 as restated) representing a decrease of approximately 15% as compared to the previous financial year in line with decrease in income from financial information services.

Selling and marketing expenses of the Group for the year ended 31 March 2014 was increased to approximately HK\$2,232,000 compared with approximately HK\$1,435,000 in 2013, represented an increase of approximately 56%. The increase was mainly attributable to the increase in marketing and promotion efforts in promoting the Finet and FinTV brandings.

General and administrative expenses of the Group for the year ended 31 March 2014 was increased by approximately HK\$351,000 to approximately HK\$40,611,000 (2013: HK\$40,260,000), in line with expansion of FinTV business.

Other operating expenses for the year ended 31 March 2013 represented the settlement cost of a litigation in 2013.

Finance costs for the year ended 31 March 2014 were approximately HK\$595,000 (2013: HK\$722,000), which represented the interest charges on bank loans for the investment properties in both HK and the PRC.

There is no provision of Hong Kong profits tax for the year ended 31 March 2014. Approximately HK\$105,000 was paid during the year ended 31 March 2014 (2013: HK\$181,000) for income tax on rental income from the investment properties of the Company in the PRC. The deferred tax of approximately HK\$978,000 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\$2,989,000 in 2014 (2013: HK\$1,452,000), represented its share of loss in the Group's media business.

The consolidated loss attributable to owners of the Company for the year ended 31 March 2014 was approximately HK\$19,305,000 (2013: HK\$27,047,000 profit).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 31 March		
	2014	2013	change
	HK\$'000	HK\$'000	
Net current assets	57,450	86,651	-34%
Total assets	183,425	207,978	-12%
Total liabilities	37,022	40,001	-7%
Total equity	146,403	167,977	-13%
Cash and cash equivalents	69,701	19,576	+256%
Debts to equity ratio	0.25x	0.24x	+4%
Gearing ratio	0.09x	0.10x	-10%

As at 31 March 2014, the total assets of the Group decreased by approximately HK\$24,553,000 to approximately HK\$183,425,000 as compared to approximately HK\$207,978,000 as at the end of the previous financial year, representing a decrease of approximately 12%.

As at 31 March 2014, the total liabilities of the Group decreased by approximately HK\$2,979,000 to approximately HK\$37,022,000 as compared to approximately HK\$40,001,000 as at the end of the previous financial year, representing a decrease of approximately 7%.

As at 31 March 2014, the total equity of the Group decreased by approximately HK\$21,574,000 to approximately HK\$146,403,000 as compared to approximately HK\$167,977,000 as at the end of the previous financial year, representing a decrease of approximately 13%.

LEGAL ACTION AGAINST A FORMER CHAIRMAN AND DIRECTOR OF THE COMPANY

On 3 December 2012 and further to the statement of claim against Yu Gang, George ("YU"), a former chairman and director of the Company, 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 TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Connected transactions and continuing connected transactions undertaken by the Group during the year are as follows:

	2014 HK\$'000	2013 HK\$'000
Management fee paid to Maxx Capital Finance Limited (<i>note i</i>)	600	660
Referral fee and interest expenses in relation to the money lending business paid to Maxx Capital Finance Limited (<i>note i</i>)	723	833
Rental expense paid to Cyber Feel Limited (<i>note ii</i>)	<u>2,896</u>	<u>—</u>

Note:

- (i) Maxx Capital Finance Limited is beneficially owned by Ms. LO Yuk Yee, the chairman and the director of the Company.
- (ii) This transaction constituted continuing connected transaction as defined in the GEM Listing Rules. Cyber Feel Limited (“Cyber Feel”) is beneficially owned by Ms. LO Yuk Yee, the chairman and the director of the Company. For the year ended 31 March 2014, the annual cap payable by the Group to Cyber Feel under the tenancy agreement, excluding management fee and government rates amount to HK\$2,895,600.

The independent non-executive directors of the Company have reviewed and confirmed that the continuing connected transactions undertaken by the Group were entered into (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

HLB Hodgson Impey Cheng Limited (“HLB”), the Company’s auditors, were engaged to report on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. HLB have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions which are subject to annual review under Rule 20.38 of the GEM Listing Rules. A copy of the auditors’ letter has been provided by the Company to The Stock Exchange of Hong Kong Limited.

GEARING RATIO

As at 31 March 2014, the Group’s gearing ratio was approximately 9% (2013: 10%), based on total borrowings of approximately HK\$12,967,000 (2013: HK\$16,672,000) and total equity of the Group of approximately HK\$146,403,000 (2013: HK\$167,977,000).

SIGNIFICANT INVESTMENTS HELD

As at 31 March 2014, the Group had available-for-sale financial assets of approximately HK\$382,000 (2013: HK\$33,000) and held for trading investments of HK\$ Nil (2013: HK\$70,065,000).

CHARGES OF ASSETS

As at 31 March 2014, the Group's investment properties and property, plant and equipment with an aggregate carrying value of approximately HK\$58,200,000 and approximately HK\$ Nil respectively (2013: HK\$86,800,000 and HK\$126,000 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-sale 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 122 (2013: 108) full-time employees (including directors) in Hong Kong and the PRC as at 31 March 2014.

During the year, the Group incurred total staff costs (including Directors' emoluments) of approximately HK\$22,983,000 (2013: HK\$20,860,000).

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.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealing as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31 March 2014. Having made specific enquiry of all Directors, all Directors have complied with the required standard of dealings and its code of conduct regarding securities transactions throughout the year ended 31 March 2014.

AUDIT COMMITTEE

The Board established an audit committee with written terms of reference in accordance with Rule 5.28 of the GEM Listing Rules. During the year ended 31 March 2014, the audit committee comprised of 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 of the Group for the year ended 31 March 2014 have been reviewed by the audit committee of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the year ended 31 March 2014.

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 Corporate Governance Code ("CG Code"), contained in Appendix 15 to the GEM Listing Rules during the year ended 31 March 2014, except for the following deviation:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be the same individual. Ms. LO was the chairman of the Company since 25 January 2011. Mr. LUM Chor Wah, Richard was appointed as an executive Director and chief executive officer of the Company on 30 September 2010 until 28 June 2011. Thereafter, the post of chief executive officer was vacant and its roles and responsibilities were shared amongst the members of the Board. The Board is presently identifying a suitable candidate to be appointed as the chief executive officer and will make an announcement upon the appointment.

SCOPE OF WORK OF INDEPENDENT AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2014 have been agreed by the Group's independent auditors, HLB, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by HLB in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB on the said preliminary announcement.

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 increasing penetration of 4G 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 (v) the increasing integration between Hong Kong's and the PRC's financial markets as evidenced by the Shanghai — Hong Kong Stock Connect announced in April 2014 and the internationalization of the RMB.

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

Hong Kong, 20 June 2014

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 Rules governing the Listing of Securities on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong 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 at www.hkgem.com for at least seven days from the day of its posting and on the website of the Company at www.finet.hk