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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 2015

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\$19.2 million for the year ended 31 March 2015, representing a decrease of approximately 19% from approximately HK\$23.9 million of last year.
- The consolidated loss attributable to owners of the Company for the year ended 31 March 2015 was approximately HK\$36.2 million.
- The board of Directors does not recommend the payment of dividend for the year ended 31 March 2015.

ANNUAL RESULTS

The board of Directors (the “Board”) is pleased to present the consolidated results of the Group for the year ended 31 March 2015, together with the comparative figures for the corresponding period in 2014 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2015

	<i>Notes</i>	2015 HK\$'000	2014 <i>HK\$'000</i>
Revenue	3	19,292	23,880
Cost of sales		<u>(10,657)</u>	<u>(12,304)</u>
Gross profit		8,635	11,576
Other income and gains	5	476	10,652
Selling and marketing expenses		(2,096)	(2,233)
General and administrative expenses		(45,805)	(40,611)
Finance costs	6	<u>(458)</u>	<u>(595)</u>
Loss before income tax	7	(39,248)	(21,211)
Income tax expense	8	<u>(172)</u>	<u>(1,083)</u>
Loss for the year		<u>(39,420)</u>	<u>(22,294)</u>
Loss attributable to:			
— Owners of the Company		(36,214)	(19,305)
— Non-controlling interests		<u>(3,206)</u>	<u>(2,989)</u>
		<u>(39,420)</u>	<u>(22,294)</u>
Loss per share for loss attributable to owners of the Company during the year			
— Basic and diluted (in HK cent)	10	<u>(8.2) cents</u>	<u>(4.4) cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss for the year	(39,420)	(22,294)
Other comprehensive expense 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	(87)	307
Reclassification adjustment upon impairment of available-for-sale financial assets	1,079	—
Currency translation differences	(111)	(6)
	<u>(38,539)</u>	<u>(21,993)</u>
Total comprehensive expense for the year	<u>(38,539)</u>	<u>(21,993)</u>
Total comprehensive expense for the year, attributable to:		
— Owners of the Company	(35,333)	(19,004)
— Non-controlling interests	(3,206)	(2,989)
	<u>(38,539)</u>	<u>(21,993)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Property, plant and equipment		7,060	8,155
Investment properties		89,000	89,000
Intangible assets		950	950
Statutory deposits and other assets		405	405
Available-for-sale financial assets		295	382
		<u>97,710</u>	<u>98,892</u>
Current assets			
Accounts receivable	11	1,644	9,682
Prepayments, deposits and other receivables		5,131	4,802
Tax recoverable		6	6
Client trust bank balances		1,387	342
Cash and cash equivalents		43,650	69,701
		<u>51,818</u>	<u>84,533</u>
Total assets		<u>149,528</u>	<u>183,425</u>
Current liabilities			
Accounts payable	12	3,627	2,430
Accruals and other payables		6,647	8,351
Deferred income		1,691	1,431
Amount due to a related company		2,572	1,904
Borrowings — due within one year		11,552	12,967
		<u>26,089</u>	<u>27,083</u>
Net current assets		<u>25,729</u>	<u>57,450</u>
Total assets less current liabilities		<u>123,439</u>	<u>156,342</u>
Non-current liabilities			
Deferred tax liabilities		9,958	9,939
Net assets		<u>113,481</u>	<u>146,403</u>
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	13	4,408	4,408
Reserves		109,496	144,212
		<u>113,904</u>	<u>148,620</u>
Non-controlling interests		(423)	(2,217)
Total equity		<u>113,481</u>	<u>146,403</u>

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 2015 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 2014:

Amendment to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendment to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendment to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendment to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) — Int 21	Leases

The adoption of the above new standards, revisions and amendments to existing standards did not have any material impact on the preparation of the Group's consolidated financial statements.

(b) *Amended standards that have been issued but are not effective for the financial year beginning 1 April 2014 and have been early adopted by the Group*

Amendments to HKAS 1	Disclosure Initiative ²
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortization ²
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ²
Amendments to HKAS 19	Defined Benefits Plans ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycles ⁵
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycles ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycles ²
HKFRS 9	Financial Instruments ⁴
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the consolidation exception ²
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ²

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

² Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

⁴ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

⁵ Effective for annual periods beginning on or after 1 July 2014, with limited exception. Earlier application is permitted.

HKFRS 9, “Financial Instruments”, address the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in September 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized costs, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial assets. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new excepted credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the ‘hedged ratio’ to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess HKAS 9’s full impact.

HKFRS 15, “Revenue from Contracts with Customers” deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 “Revenue” and HKAS 11 “Construction Contracts” and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is assessing the impact of HKAS 15.

In addition, the requirement of Part 9 ‘Accounts and Audit’ of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Group’s first financial year commencing on or after 3 March 2014 in accordance with section 358 of the Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial information in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and disclosure of information in the consolidated financial information will be affected.

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.

3. REVENUE

Revenue recognized during the year is as follows:

	2015 <i>HK\$’000</i>	2014 <i>HK\$’000</i>
Service income from provision of financial information service	8,434	15,557
Advertising, investor relationship and branding promotion and communication service income	7,236	3,465
Brokerage commission and service income from securities and futures business	46	11
Loan interest income	639	1,938
Rental income from investment properties	2,937	2,909
	<u>19,292</u>	<u>23,880</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 2015, 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 2015 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	15,821	46	639	2,937	19,443
Inter-segment revenue	(151)	—	—	—	(151)
Revenue from external customers	15,670	46	639	2,937	19,292
Segment results	(30,237)	(2,215)	(1,886)	(4,452)	(38,790)
Finance costs					(458)
Loss before income tax					(39,248)
Income tax expense					(172)
Loss for the year					(39,420)
Other segment items included in the consolidated income statement are as follows:					
Provision for impairment loss of deposits	(25)	—	—	—	(25)
Provision for impairment loss of trade receivables	(931)	—	—	—	(931)
Provision for impairment loss of loans receivable	—	—	(1,834)	—	(1,834)
Impairment loss of available-for-sale financial assets	—	—	—	(1,079)	(1,079)
Fair value gain on held for trading investments	—	337	—	—	337
Equity-settled share-based payments	(617)	—	—	—	(617)
Depreciation of property, plant and equipment	(2,502)	(50)	(1)	(149)	(2,702)

The segment results for the year ended 31 March 2014 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>
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 trade receivables	(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)

Segment assets consist primarily of property, plant and equipment, investment properties, intangible assets, available-for-sale financial assets, 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 2015 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>34,957</u>	<u>19,897</u>	<u>517</u>	<u>94,157</u>	<u>149,528</u>
Liabilities	<u>10,798</u>	<u>2,219</u>	<u>632</u>	<u>22,398</u>	<u>36,047</u>
Capital expenditure	<u>1,612</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,612</u>

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>75,412</u>	<u>9,778</u>	<u>7,041</u>	<u>91,194</u>	<u>183,425</u>
Liabilities	<u>9,678</u>	<u>1,143</u>	<u>632</u>	<u>25,569</u>	<u>37,022</u>
Capital expenditure	<u>6,143</u>	<u>65</u>	<u>—</u>	<u>—</u>	<u>6,208</u>

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

	2015 HK\$'000	2014 HK\$'000
Revenue		
Hong Kong	<u>16,402</u>	<u>19,105</u>
The PRC	<u>2,890</u>	<u>4,775</u>
	<u>19,292</u>	<u>23,880</u>

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

	2015 HK\$'000	2014 HK\$'000
Total assets		
Hong Kong	139,469	145,126
The PRC	9,764	37,917
Other countries	295	382
	<u>149,528</u>	<u>183,425</u>

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

	2015 HK\$'000	2014 HK\$'000
Capital expenditure		
Hong Kong	1,584	5,680
The PRC	28	528
	<u>1,612</u>	<u>6,208</u>

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

Revenue of approximately HK\$4,060,000 (2014: HK\$7,101,000) is derived from a single external customer and are attributable to financial information service business segment.

5. OTHER INCOME AND GAINS

	2015 HK\$'000	2014 HK\$'000
Dividend income from held-for-trading investments	—	89
Interest income from bank deposits	9	4
Fair value gain on investment properties	—	2,200
Fair value gain on held-for-trading investments	337	6,598
Management fee income	103	1,760
Sundry income	27	1
	<u>476</u>	<u>10,652</u>

6. FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000
Interest expense on bank borrowings	458	587
Interest on finance leases	—	8
	<u>458</u>	<u>595</u>

7. LOSS BEFORE INCOME TAX

	2015 HK\$'000	2014 HK\$'000
Operating lease payments		
— in respect of rented premises	5,540	5,884
— in respect of office equipment	12	13
Employee benefits expense (including director's emoluments)		
— salaries and wages	24,608	20,283
— equity-settled share-based payments	617	419
— pension costs-defined contribution plans	1,298	1,424
— others	569	857
	<u>27,092</u>	<u>22,983</u>
Provision for impairment loss of deposits	25	500
Provision for impairment loss of trade receivables	931	224
Provision for impairment loss of loans receivable	1,834	—
Impairment loss of available-for-sale financial assets	1,079	—
Depreciation of property, plant and equipment	2,702	2,091
Loss on disposal of property, plant and equipment	9	39
Direct operating expenses arising on rental-earning investment properties	157	147
Auditors' remuneration	<u>420</u>	<u>388</u>

8. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at the rate of 16.5% (2014: 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.

	2015 HK\$'000	2014 HK\$'000
Current tax:		
— Overseas taxation — the PRC	153	105
Deferred tax:	<u>19</u>	<u>978</u>
Income tax expense	<u>172</u>	<u>1,083</u>

9. DIVIDENDS

No dividend was paid or proposed in respect of the year ended 31 March 2015 (2014: Nil) nor has any dividend been proposed since the end of the reporting period.

10. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company for the year ended 31 March 2015 of approximately HK\$36,214,000 (2014: HK\$19,305,000) by the weighted average number of approximately 440,818,000 (2014: 440,818,000) ordinary shares in issue during the year.

(b) Diluted

The computation of diluted loss per share for the years ended 31 March 2015 and 2014 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

	2015 HK\$'000	2014 HK\$'000
Loans receivable	1,834	6,581
Less: provision for impairment loss of loans receivable	(1,834)	—
	<u>—</u>	<u>6,581</u>
Trade receivables	2,799	3,325
Less: provision for impairment loss of trade receivables	(1,155)	(224)
	<u>1,644</u>	<u>3,101</u>
Accounts receivable	<u>1,644</u>	<u>9,682</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.

Movements on the impairment of loans receivable were as follows:

	2015 HK\$'000	2014 HK\$'000
At the beginning of year	—	—
Provision for impairment of loans receivable	1,834	—
At the end of year	<u>1,834</u>	<u>—</u>

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 trade receivables 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 2015 and 2014, the aging analysis of the trade receivables were as follows:

	2015 HK\$'000	2014 HK\$'000
0–30 days	909	1,329
31–60 days	677	104
61–90 days	10	28
Over 90 days	48	1,640
	<u>1,644</u>	<u>3,101</u>

As of 31 March 2015, trade receivables of approximately HK\$48,000 (2014: HK\$1,640,000) 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:

	2015 HK\$'000	2014 HK\$'000
Over 90 days	<u>48</u>	<u>1,640</u>

Movements on the impairment of trade receivables were as follows:

	2015 HK\$'000	2014 HK\$'000
At the beginning of year	224	—
Provision for impairment of trade receivables	<u>931</u>	<u>224</u>
At the end of year	<u>1,155</u>	<u>224</u>

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:

	2015 HK\$'000	2014 HK\$'000
Hong Kong dollars	1,142	9,400
Renminbi	502	239
United States dollars	<u>—</u>	<u>43</u>
	<u>1,644</u>	<u>9,682</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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Accounts payable arising from securities broking		
— Clients	1,374	306
Accounts payable arising from futures broking		
— Clients	13	36
Other accounts payable	<u>2,240</u>	<u>2,088</u>
Accounts payable	<u><u>3,627</u></u>	<u><u>2,430</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 2015 and 2014, the aging analysis of the other accounts payable was as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0–30 days	298	1,378
31–60 days	486	289
61–90 days	534	71
Over 90 days	<u>922</u>	<u>350</u>
	<u><u>2,240</u></u>	<u><u>2,088</u></u>

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Renminbi	12	12
Hong Kong dollars	3,577	2,366
United States dollars	<u>38</u>	<u>52</u>
	<u><u>3,627</u></u>	<u><u>2,430</u></u>

13. SHARE CAPITAL

	2015		2014	
	<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 (2014: 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 2015, 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 libel 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. 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 continued to tap on the property investment 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 People’s Republic of China (the “PRC”) continued to provide stable income and positive contribution to the financial results of the Group.

MONEY LENDING BUSINESS

Due to the keen competition within the market, the Group’s money lending business start to decline.

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 and HK local 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 third 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

Under the volatile situation of stock markets and keen competition, the revenue generated from securities and futures business slightly increased by approximately HK\$35,000.

FINANCIAL REVIEW

Revenue of the Group for the year ended 31 March 2015 was approximately HK\$19,292,000 (2014: HK\$23,880,000), which represented a decrease of approximately 19.2% as compared to the previous financial year. The net decrease was primarily attributable to: (i) a decrease in loan interest income of approximately HK\$1,299,000 from money lending business; (ii) a decrease in income from financial information services and advertising services of approximately HK\$3,352,000; (iii) a slight increase in the income from securities and futures business of approximately HK\$35,000; and (iv) rental income from property investment business remained stable at approximately HK\$2.9 million.

Other income and gains of the Group for the year ended 31 March 2015 was approximately HK\$476,000 (2014: HK\$10,652,000). The decrease was mainly due to the decrease in fair value gain on held for trading investments by approximately HK\$6,261,000 in 2015. And decrease in fair value for investment properties by HK\$2,200,000 in 2015.

Cost of sales of the Group for the year ended 31 March 2015 was approximately HK\$10,657,000 (2014: HK\$12,304,000) representing a decrease of approximately 13.4% 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 2015 was slightly decreased to approximately HK\$2,096,000 compared with approximately HK\$2,233,000 in 2014, represented a decrease of approximately 6.1%.

General and administrative expenses of the Group for the year ended 31 March 2015 was increased by approximately HK\$5,194,000 to approximately HK\$45,805,000 (2014: HK\$40,611,000), represented an increase of approximately 12.8%.

Finance costs for the year ended 31 March 2015 were approximately HK\$458,000 (2014: HK\$595,000), which represented the interest charges on bank loans for the investment properties in HK.

There is no provision of Hong Kong Profits Tax for the year ended 31 March 2015. Approximately HK\$153,000 was paid during the year ended 31 March 2015 (2014: HK\$105,000) for income tax on rental income from the investment properties of the Company in the PRC. The deferred tax of approximately HK\$19,000 was mainly attributable to investment properties in HK.

Loss attributable to non-controlling interests of approximately HK\$3,206,000 in 2015 (2014: HK\$2,989,000), 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 2015 was approximately HK\$36,214,000 (2014: HK\$19,305,000).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 31 March		
	2015	2014	change
	HK\$'000	HK\$'000	
Net current assets	25,729	57,450	(55.2)%
Total assets	149,528	183,425	(18.5)%
Total liabilities	36,047	37,022	(2.6)%
Total equity	113,481	146,403	(22.5)%
Cash and cash equivalents	43,650	69,701	(37.4)%
Debts to equity ratio	0.32x	0.25x	28%
Gearing ratio	0.10x	0.09x	11.1%

As at 31 March 2015, the total assets of the Group decreased by approximately HK\$33,897,000 to approximately HK\$149,528,000 as compared to approximately HK\$183,425,000 as at the end of the previous financial year, representing a decrease of approximately 18.5%.

As at 31 March 2015, the total liabilities of the Group decreased by approximately HK\$975,000 to approximately HK\$36,047,000 as compared to approximately HK\$37,022,000 as at the end of the previous financial year, representing a decrease of approximately 2.6%.

As at 31 March 2015, the total equity of the Group decreased by approximately HK\$32,922,000 to approximately HK\$113,481,000 as compared to approximately HK\$146,403,000 as at the end of the previous financial year, representing a decrease of approximately 22.5%.

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.

The plaintiff and the defendant exchanged witness statements in July 2014.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

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

	2015 HK\$'000	2014 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
Rental expense paid to Cyber Feel Limited (<i>note ii</i>)	<u>2,896</u>	<u>2,896</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 2015, 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.

CONTINUING CONNECTED TRANSACTION

On 12 June 2015, 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 July 2015 at a monthly rental (excluding rates, management fees, air-conditioning charges and other outgoings) of HK\$307,181 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 2015, the Group's gearing ratio was approximately 10% (2014: 9%), based on total borrowings of approximately HK\$11,552,000 (2014: HK\$12,967,000) and total equity of the Group of approximately HK\$113,481,000 (2014: HK\$146,403,000).

SIGNIFICANT INVESTMENTS HELD

As at 31 March 2015, the Group had available-for-sale financial assets of approximately HK\$295,000 (2014: HK\$382,000).

CHARGES OF ASSETS

As at 31 March 2015, the Group's investment properties with an aggregate carrying value of approximately HK\$58,200,000 (2014: HK\$58,200,000) was 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 117 (2014: 118 as restated) full-time employees (including directors) in Hong Kong and the PRC as at 31 March 2015.

During the year, the Group incurred total staff costs (including Directors' emoluments) of approximately HK\$27,092,000 (2014: HK\$22,983,000).

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 2015. 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 2015.

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 2015, 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 2015 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 2015.

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 2015, 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 2015 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 Apps 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) more opportunities from existing Shanghai — Hong Kong Stock Connect and coming Shenzhen — Hong Kong Stock Connect in near future; (vi) the internationalization of the RMB.

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

Hong Kong, 19 June 2015

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