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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 2016**

**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\$11.2 million for the year ended 31 March 2016, representing a decrease of approximately 42% from approximately HK\$19.3 million of last year.
- The consolidated loss attributable to owners of the Company for the year ended 31 March 2016 was approximately HK\$36.0 million.
- The board of Directors does not recommend the payment of dividend for the year ended 31 March 2016.

## ANNUAL RESULTS

The board of Directors (the “Board”) is pleased to present the consolidated results of the Group for the year ended 31 March 2016, together with the comparative figures for the corresponding period in 2015 as follows:

### CONSOLIDATED INCOME STATEMENT

*For the year ended 31 March 2016*

	<i>Notes</i>	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Revenue</b>	3	<b>11,183</b>	19,292
Cost of sales		<u>(7,906)</u>	<u>(10,657)</u>
<b>Gross profit</b>		<b>3,277</b>	8,635
Other income and gains	5	<b>4,869</b>	476
Selling and marketing expenses		<b>(737)</b>	(2,096)
General and administrative expenses		<b>(46,928)</b>	(45,805)
Finance costs	6	<u><b>(1,093)</b></u>	<u>(458)</u>
<b>Loss before income tax</b>	7	<b>(40,612)</b>	(39,248)
Income tax expense	8	<u><b>(120)</b></u>	<u>(172)</u>
<b>Loss for the year</b>		<u><b>(40,732)</b></u>	<u>(39,420)</u>
<b>Loss attributable to:</b>			
— Owners of the Company		<b>(35,957)</b>	(36,214)
— Non-controlling interests		<u><b>(4,775)</b></u>	<u>(3,206)</u>
		<u><b>(40,732)</b></u>	<u>(39,420)</u>
<b>Loss per share for loss attributable to owners of the Company during the year</b>			
— Basic and diluted (in HK cent)	10	<u><b>(7.94) cents</b></u>	<u>(8.2) cents</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Loss for the year</b>	<b>(40,732)</b>	<b>(39,420)</b>
<b>Other comprehensive expense for the year, net of tax:</b>		
<i>Items that may be reclassified to profit or loss</i>		
Change in fair value on available-for-sale financial assets	<b>(186)</b>	(87)
Reclassification adjustment upon impairment of available-for-sale financial assets	<b>186</b>	1,079
Currency translation differences	<b>391</b>	(111)
	<hr/>	<hr/>
<b>Total comprehensive expense for the year</b>	<b><u>(40,341)</u></b>	<b><u>(38,539)</u></b>
<b>Total comprehensive expense for the year, attributable to:</b>		
— Owners of the Company	<b>(35,566)</b>	(35,333)
— Non-controlling interests	<b>(4,775)</b>	(3,206)
	<hr/>	<hr/>
	<b><u>(40,341)</u></b>	<b><u>(38,539)</u></b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	<i>Notes</i>	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		5,828	7,060
Investment properties		89,100	89,000
Intangible assets		950	950
Statutory deposits and other assets		656	405
Available-for-sale financial assets		109	295
		<u>96,643</u>	<u>97,710</u>
<b>Current assets</b>			
Accounts receivable	11	10,354	1,644
Prepayments, deposits and other receivables		6,663	5,131
Tax recoverable		6	6
Client trust bank balances		921	1,387
Cash and cash equivalents		25,718	43,650
		<u>43,662</u>	<u>51,818</u>
<b>Total assets</b>		<u>140,305</u>	149,528
<b>Current liabilities</b>			
Accounts payable	12	4,390	3,627
Accruals and other payables		11,676	6,647
Deferred income		346	1,691
Amount due to a related company		2,692	2,572
Borrowings — due within one year		10,138	11,552
		<u>29,242</u>	26,089
<b>Net current assets</b>		<u>14,420</u>	25,729
<b>Total assets less current liabilities</b>		<u>111,063</u>	123,439
<b>Non-current liabilities</b>			
Convertible bonds	13	13,930	—
Deferred tax liabilities		10,614	9,958
<b>Net assets</b>		<u>86,519</u>	113,481
<b>Equity</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	14	4,654	4,408
Reserves		87,063	109,496
		91,717	113,904
Non-controlling interests		(5,198)	(423)
<b>Total equity</b>		<u>86,519</u>	113,481

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands. On 16 June 2011, the Company was deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda. The Company's registered office is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company's principal place of business is situated at 30/F, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong.

The annual results set out in this announcement do not constitute the Group's financial statements for the year ended 31 March 2016 but are extract from those financial statements.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **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 and available-for-sale financial assets which are carried at fair value.

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

### *Changes in accounting policy and disclosures*

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

The following amendments to standards are mandatory for the first time for the financial year beginning on or after 1 April 2015:

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle

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

(b) Amended standard have been issued but are not effective for the financial year beginning 1 April 2015 and have not been early adopted by the Group

HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>1</sup>
Amendments to HKFRS 16	Leases <sup>4</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

<sup>3</sup> Effective date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Service income from provision of financial information service	3,881	8,434
Advertising, investor relationship and branding promotion and communication service income	3,540	7,236
Brokerage commission and service income from securities and futures business	300	46
Loan interest income	550	639
Rental income from investment properties	2,912	2,937
	<u>11,183</u>	<u>19,292</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 business.

At 31 March 2016, 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 include 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 2016 are as follows:

	<b>Financial information service business <i>HK\$'000</i></b>	<b>Securities and futures business <i>HK\$'000</i></b>	<b>Money lending business <i>HK\$'000</i></b>	<b>Property investment business <i>HK\$'000</i></b>	<b>Group <i>HK\$'000</i></b>
<b>Gross revenue</b>	7,569	300	550	2,912	11,331
<b>Inter-segment revenue</b>	(148)	—	—	—	(148)
<b>Revenue from external customers</b>	<u>7,421</u>	<u>300</u>	<u>550</u>	<u>2,912</u>	<u>11,183</u>
Segment results	(37,487)	1,009	49	(3,090)	(39,519)
Finance costs					(1,093)
<b>Loss before income tax</b>					(40,612)
Income tax expense					(120)
<b>Loss for the year</b>					<u><u>(40,732)</u></u>

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

Bad debt written off	(50)	—	—	—	(50)
Reversal of impairment loss of trade receivables	30	—	—	—	30
Provision for impairment loss of loans receivable	—	—	(355)	—	(355)
Provision for impairment loss of trade receivables	50	—	—	—	50
Impairment loss of available-for-sale financial assets	—	—	—	(186)	(186)
Fair value gain on held for trading investments	—	42	—	—	42
Fair value gain on investment properties	—	—	—	100	100
Depreciation of property, plant and equipment	<u>(2,423)</u>	<u>(46)</u>	<u>(1)</u>	<u>(252)</u>	<u>(2,722)</u>



The segment results for the year ended 31 March 2015 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 business <i>HK\$'000</i>	Group <i>HK\$'000</i>
<b>Gross revenue</b>	15,821	46	639	2,937	19,443
<b>Inter-segment revenue</b>	(151)	—	—	—	(151)
<b>Revenue from external customers</b>	<u>15,670</u>	<u>46</u>	<u>639</u>	<u>2,937</u>	<u>19,292</u>
Segment results	(30,237)	(2,215)	(1,886)	(4,452)	(38,790)
Finance costs					<u>(458)</u>
<b>Loss before income tax</b>					(39,248)
Income tax expense					<u>(172)</u>
<b>Loss for the year</b>					<u><u>(39,420)</u></u>

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	<u>(2,502)</u>	<u>(50)</u>	<u>(1)</u>	<u>(149)</u>	<u>(2,702)</u>

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, 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.

The segment assets and liabilities at 31 March 2016 and capital expenditure for the year then ended are as follows:

	<b>Financial information service business HK\$'000</b>	<b>Securities and futures business HK\$'000</b>	<b>Money lending business HK\$'000</b>	<b>Property investment business HK\$'000</b>	<b>Group HK\$'000</b>
Assets	<u>18,792</u>	<u>20,514</u>	<u>10,152</u>	<u>90,847</u>	<u>140,305</u>
Liabilities	<u>13,325</u>	<u>1,906</u>	<u>752</u>	<u>37,803</u>	<u>53,786</u>
Capital expenditure	<u>963</u>	<u>307</u>	<u>—</u>	<u>646</u>	<u>1,916</u>

The segment assets and liabilities at 31 March 2015 and capital expenditure for the year then ended are as follows:

	<b>Financial information service business HK\$'000</b>	<b>Securities and futures business HK\$'000</b>	<b>Money lending business HK\$'000</b>	<b>Property investment business HK\$'000</b>	<b>Group HK\$'000</b>
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 Group mainly operates in Hong Kong and the PRC.

	<b>2016 HK\$'000</b>	<b>2015 HK\$'000</b>
<b>Revenue</b>		
Hong Kong	<b>7,154</b>	14,951
The PRC	<b>4,029</b>	4,341
	<u><b>11,183</b></u>	<u>19,292</u>

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Total assets</b>		
Hong Kong	102,709	108,669
The PRC	37,487	40,564
Other countries	109	295
	<u>140,305</u>	<u>149,528</u>

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Capital expenditure</b>		
Hong Kong	1,633	1,584
The PRC	283	28
	<u>1,916</u>	<u>1,612</u>

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

#### Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Customer A <sup>1</sup>	—	4,060
Customer B <sup>2</sup>	1,466	N/A <sup>3</sup>
Customer C <sup>2</sup>	1,446	N/A <sup>3</sup>
	<u>1,446</u>	<u>N/A<sup>3</sup></u>

<sup>1</sup> Revenue from financial information service business.

<sup>2</sup> Revenue from property investment business.

<sup>3</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group.

#### 5. OTHER INCOME AND GAINS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Referral commission income	4,681	—
Interest income from bank deposits	5	9
Fair value gain on investment properties	100	—
Fair value gain on held for trading investments	42	337
Management fee income	—	103
Reversal of provision for impairment loss	30	—
Sundry income	11	27
	<u>4,869</u>	<u>476</u>

## 6. FINANCE COSTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest expense on bank borrowings	407	458
Effective interest expense on convertible bonds	686	—
	<u>1,093</u>	<u>458</u>

## 7. LOSS BEFORE INCOME TAX

Loss for the year has been arrived at after charging/(crediting):

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Operating lease payments		
— in respect of rented premises	6,537	5,540
— in respect of office equipment	12	12
Employee benefits expense (including directors' emoluments)	28,293	27,092
Bad debt written off	(50)	—
Provision for impairment loss of deposits	—	25
Provision for impairment loss of trade receivables	50	931
Provision for impairment loss of loans receivable	355	1,834
Reversal of impairment loss	(30)	—
Impairment loss of available-for-sale financial assets	186	1,079
Depreciation of property, plant and equipment	2,722	2,702
Loss on disposal of property, plant and equipment	136	9
Direct operating expenses arising on rental-earning investment properties	97	157
Auditors' remuneration		
— Audit service	520	420
— Non-audit service	—	—
	<u>520</u>	<u>420</u>

## 8. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at the rate of 16.5% (2015: 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 Regulations on the Implementation of the EIT Law in the PRC, the applicable tax rate of the PRC subsidiaries in the PRC is 25% from 1 January 2008 onwards.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Current tax:</b>		
— Overseas taxation — the PRC	154	153
<b>Deferred tax:</b>	(34)	19
Income tax expense	<u>120</u>	<u>172</u>

## 9. DIVIDENDS

No dividend was paid or proposed in respect of the year ended 31 March 2016 (2015: 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 2016 of approximately HK\$35,957,000 (2015: HK\$36,214,000) by the weighted average number of approximately 453,047,000 (2015: 440,818,000) ordinary shares in issue during the year.

### (b) Diluted

The computation of diluted loss per share for the year ended 31 March 2016 did not assume the exercise of the Company's outstanding share options, warrants and convertible bonds during the year since they are anti-dilutive, as their exercise would result in a decrease in loss per share.

For the year ended 31 March 2015 did not assume the exercise of the Company's outstanding share options and warrants during the year since they are anti-dilutive as their exercise would result in a decrease in loss per share.

## 11. ACCOUNTS RECEIVABLE

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loans receivable	12,339	1,834
Less: provision for impairment loss of loans receivable	<u>(2,189)</u>	<u>(1,834)</u>
	<u>10,150</u>	—
Trade receivables	1,329	2,799
Less: provision for impairment loss of trade receivables	<u>(1,125)</u>	<u>(1,155)</u>
	<u>204</u>	1,644
Accounts receivable	<u><u>10,354</u></u>	<u><u>1,644</u></u>

Loans receivable are unsecured, interest-bearing at rates 10% per annum, and have a maturity date on one year from the date of the loan agreement.

Movements on the provision for impairment loss of loans receivable were as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
At the beginning of year	1,834	—
Provision for impairment loss	<u>355</u>	<u>1,834</u>
At the end of year	<u><u>2,189</u></u>	<u><u>1,834</u></u>

The credit terms are granted by the Group to its customers ranged 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 2016 and 2015, the aging analysis of the trade receivables are as follows:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0–30 days	<b>164</b>	909
31–60 days	<b>18</b>	677
61–90 days	—	10
Over 90 days	<b>22</b>	48
	<b>204</b>	1,644

As of 31 March 2016, trade receivables of approximately HK\$22,000 (2015: HK\$48,000) 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:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Over 90 days	<b>22</b>	48

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 provision for impairment loss of trade receivables were as follows:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
At the beginning of year	<b>1,155</b>	224
Reversal of impairment loss	<b>(30)</b>	—
Provision for impairment loss	<b>50</b>	931
Written off	<b>(50)</b>	—
At the end of the year	<b>1,125</b>	1,155

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

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Hong Kong dollars	10,354	1,142
Renminbi	—	502
	<u>10,354</u>	<u>1,644</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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Accounts payable arising from securities broking		
— Clients	908	1,374
Accounts payable arising from futures broking		
— Clients	13	13
Other accounts payable	3,469	2,240
	<u>4,390</u>	<u>3,627</u>

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

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

At 31 March 2016 and 2015, the aging analysis of the other accounts payable were as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0–30 days	422	299
31–60 days	251	486
61–90 days	88	534
Over 90 days	2,708	921
	<u>3,469</u>	<u>2,240</u>

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Renminbi	12	12
Hong Kong dollars	4,093	3,577
United States dollars	285	38
	<u>4,390</u>	<u>3,627</u>

### 13. CONVERTIBLE BONDS

Convertible bonds at amortised costs:

The movement of liability component at amortised costs of the convertible bonds are as follows:

	<b>2016</b> <b>Convertible</b> <b>Bonds</b> <i>HK\$'000</i>
Carrying amount as at 1 April 2015	—
Liability components on initial recognition	13,244
Interest charged ( <i>Note 6</i> )	686
	<hr/>
Carrying amount as at 31 March 2016	<u>13,930</u>

On 25 July 2015, the Company entered into the subscription agreement with the subscriber namely Maxx Capital International Limited (“Maxx Capital”), which is beneficially owned by Ms. LO Yuk Yee, the chairman and the director of the Company, pursuant to which the Maxx Capital has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the convertible bonds with an aggregate principal amount of HK\$69,696,000. The subscription constitutes a nonexempt connected transaction of the Company.

The convertible bonds carry the right to convert into conversion shares at the conversion price of HK\$0.396 per conversion share (subject to reset and adjustments mechanisms). The period commencing from the date of issue of convertible bonds and ending on the day which falls on the 2nd anniversary of the date of issue of convertible bonds.

Subject to the consent by Maxx Capital, the Group, may, by giving not less than 30 business day notice to Maxx Capital, to redeem all or part of the outstanding convertible bond at any time from the date of issue of the convertible bond together with interest accrued to the date fixed for redemption.

As at 31 March 2016, the Company completed on issuance the convertible bonds with an aggregate amount of HK\$17,424,000 for the first series on 23 December 2015.

The convertible bonds contain two components, liability (together with embedded derivative for early redemption option by the Company which is closely related to the host debt) and equity component. The equity component is presented in equity under the heading of “convertible bond equity component”. The effective interest rate of the liability component is 18.97% per annum.

The movement of equity component of the convertible bonds is as follows:

	<b>2016</b> <b>Convertible</b> <b>Bonds</b> <i>HK\$'000</i>
Carrying amount as at 1 April 2014, 31 March 2015 and 1 April 2015	—
Equity component on initial recognition	4,180
Deferred tax liability on recognition of equity component of convertible bonds	(690)
	<hr/>
Carrying amount as at 31 March 2016	<u>3,490</u>



#### 14. SHARE CAPITAL

	2016		2015	
	<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 (2015: HK\$0.01) each Authorized:				
<b>At beginning of year and at the end of year</b>	<b><u>15,000,000,000</u></b>	<b><u>150,000</u></b>	<b><u>15,000,000,000</u></b>	<b><u>150,000</u></b>
Issued and fully paid:				
<b>At beginning of year and at the end of year</b>	<b><u>465,418,880</u></b>	<b><u>4,654</u></b>	<b><u>440,818,880</u></b>	<b><u>4,408</u></b>

*Note:*

During the year ended 31 March 2016, two registered warrants holders exercised their rights to subscribe for a total of 24,600,000 ordinary shares of the Company at HK\$0.402 per share.

As at 31 March 2016, the Company has outstanding warrants conferring the rights to subscribe up to HK\$25,551,924 (2015: HK\$35,441,124) in aggregate for the shares of the Company.

#### 15. 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 Executive 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 Executive 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 drivers 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 investor relationship business 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 improvement in Group’s money lending business is still a challenging task.

### **FINANCIAL INFORMATION SERVICE BUSINESS**

Taking into consideration of the adverse market situation, the Group has decided to gradually scale down the provision of financial information services and technology platform to our customers. The major reason of the scale down since the decreasing in profit margin within this business segment in recent years. As a result of our downsizing exercise, our data center cost and information supplier cost will have significantly decrease in next financial year.

### **SECURITIES AND FUTURES BUSINESS**

The Group has been focusing in securities and futures business in last year, the revenue generated from securities and futures business increased significantly by approximately HK\$254,000.

### **FINANCIAL REVIEW**

Revenue of the Group for the year ended 31 March 2016 was approximately HK\$11,183,000 (2015: HK\$19,292,000), which represented a decrease of approximately 42% as compared to the previous financial year. The net decrease was primarily attributable to: (i) a decrease in loan interest income of approximately HK\$89,000 from money lending business; (ii) a decrease in income from financial information services and advertising services of approximately HK\$8,249,000; (iii) an increase in the income from securities and futures business of approximately HK\$254,000; and (iv) rental income from property investment business remained stable.

Other income and gains of the Group for the year ended 31 March 2016 was approximately HK\$4,869,000 (2015: HK\$476,000). The increase was mainly due to the referral commission income of approximately HK\$4,681,000.

Cost of sales of the Group for the year ended 31 March 2016 was approximately HK\$7,906,000 (2015: HK\$10,657,000) representing a decrease of approximately 26% as compared to the previous financial year in line with financial information service business.

Selling and marketing expenses of the Group for the year ended 31 March 2016 was decreased by approximately HK\$1,359,000 compared with approximately HK\$2,096,000 in 2015, represented a decrease of approximately 65% because of saving of expenses in sponsorship activities this year.

General and administrative expenses of the Group for the year ended 31 March 2016 was increased by approximately HK\$1,123,000 to approximately HK\$46,928,000 (2015: HK\$45,805,000), represented an increase of approximately 2%.

Finance costs for the year ended 31 March 2016 were approximately HK\$1,093,000 (2015: HK\$458,000), which represented the interest charges on bank loans for the investment properties in Hong Kong amount to approximately HK\$407,000 and the reversal on charge of effective interest expenses on convertible bonds equity component amount to approximately HK\$686,000.

There is no provision of Hong Kong Profits Tax for the year ended 31 March 2016. Approximately HK\$154,000 was paid during the year ended 31 March 2016 (2015: HK\$153,000) for income tax on rental income for the investment properties of the Company in the PRC. The deferred tax of approximately HK\$34,000 was mainly attributable to investment properties in Hong Kong, and the movement of the convertible bonds in equity component during the year.

Loss attributable to non-controlling interests of approximately HK\$4,775,000 in 2016 (2015: HK\$3,206,000), 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 2016 was approximately HK\$35,957,000 (2015: HK\$36,214,000).

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 31 March		change
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	
Net current assets	<b>14,420</b>	25,729	(44%)
Total assets	<b>140,305</b>	149,528	(6%)
Total liabilities	<b>53,786</b>	36,047	49%
Total equity	<b>86,519</b>	113,481	(24%)
Cash and cash equivalents	<b>25,718</b>	43,650	(41%)
Debts to equity ratio	<b>0.59x</b>	0.32x	84%
Gearing ratio	<b>0.28x</b>	0.10x	180%

As at 31 March 2016, the total assets of the Group decreased by approximately HK\$9,223,000 to approximately HK\$140,305,000 as compared to approximately HK\$149,528,000 as at the end of the previous financial year, representing a decrease of approximately 6%.

As at 31 March 2016, the total liabilities of the Group increased by approximately HK\$17,739,000 to approximately HK\$53,786,000 as compared to approximately HK\$36,047,000 as at the end of the previous financial year, representing a increase of approximately 49%.

As at 31 March 2016, the total equity of the Group decreased by approximately HK\$26,962,000 to approximately HK\$86,519,000 as compared to approximately HK\$113,481,000 as at the end of the previous financial year, representing a decrease of approximately 24%.

## CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

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

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Management fee paid to Maxx Capital Finance Limited ( <i>Note i</i> )	<b>600</b>	600
Referral fee and interest expenses in relation to the money lending business paid to Maxx Capital Finance Limited ( <i>Note i</i> )	<b>120</b>	—
Rental expense paid to Cyber Feel Limited ( <i>Note ii</i> )	<b><u>2,765</u></b>	<u>2,896</u>

*Notes:*

- (i) Maxx Capital Finance Limited is beneficially owned by Ms. LO, 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, the chairman and the director of the Company. For the year ended 31 March 2016, the annual cap payable by the Group to Cyber Feel under the tenancy agreement, excluding management fee and government rates amount to approximately HK\$2,765,000.

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.

## **GEARING RATIO**

As at 31 March 2016, the Group's gearing ratio was approximately 28% (2015: 10%), based on total borrowings and the convertible bonds of approximately HK\$24,068,000 (2015: HK\$11,552,000) and total equity of the Group of approximately HK\$86,519,000 (2015: HK\$113,481,000).

## **SIGNIFICANT INVESTMENTS HELD**

As at 31 March 2016, the Group had available-for-sale financial assets of approximately HK\$109,000 (2015: HK\$295,000).

## **CHARGES OF ASSETS**

As at 31 March 2016, the Group's investment properties with an aggregate carrying value of approximately HK\$58,200,000 (2015: HK\$58,200,000) was pledged as security for the borrowing facilities of the Group.

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

The Group holds investment properties which denominated in RMB and available-for-sale financial assets which denominated 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 110 (2015: 117) full-time employees (including directors) in Hong Kong and the PRC as at 31 March 2016.

During the year, the Group incurred total staff costs (including Directors' emoluments) of approximately HK\$28,293,000 (2015: HK\$27,092,000).

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 the GEM Listing Rules.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by the 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 2016. 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 2016.

## **AUDIT COMMITTEE**

The audited consolidated financial statements of the Group for the year ended 31 March 2016 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 2016.

## **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 2016, 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 Yuk Yee was the chairman of the Company since 25 January 2011. Mr. LUM Chor Wah, Richard was appointed as an executive Director and chief executive officer of the Company on 30 September 2010 until 28 June 2011. Thereafter, the post of chief executive officer was vacant and its roles and responsibilities were shared amongst 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.

## **PROSPECT**

We will continue to allocate our resources in FinTV as we aim to strengthen our leading position in providing financial news services.

We have high recognition in both Hong Kong and PRC market. Also, FinTV has high penetration power and reputation.

With our experienced production team, FinTV is able to generate high quality program for our audience.

We will strengthen our sales and marketing team in coming year to boost the advertising income of FinTV. Moreover, FinTV is expected to provide strong support to our investor relationship business.

Investor relationship business is expected to become our profitable stream ("IR business") of the Group in the coming years. IR business will both cover the listed companies and pre-IPO assignments. The services that we have been providing include the followings: (1) production of promotional videos; (2) arrangement of press conferences and celebration events; (3) arrangement of investor meetings; (4) preparing of investor relationship articles; (5) news distribution for the listed companies and pre-IPO assignments.

Our outstanding FinTV production team can support the growth and expansion of our IR business. In addition, the Group has accumulated ample experiences in event management through the running of TOP 100 HK awards Ceremony.

The Group has successfully hosted the TOP 100 HK awards Ceremony events this year, this major event has created a strong foundation for us to develop the event management business. On the other hand, the Group has earned a lot of reputation and recognition by running TOP 100 HK awards Ceremony events.

On the other hand, Finet Securities Limited (“Finet Securities”), our securities arm, has successfully obtained the SFC license type 4 (advisory in securities) and type 9 (Asset Management) in late 2015.

We aim to expand our services including discretionary portfolio management, investment advisory and management of private funds. Finet Securities is expected to generate satisfactory management fee and performance fee income from fund management business.

Moreover, we are planning to commence the margin financing business by providing margin facility to our clients, which may help to increase the trading volume and benefit our brokerage business.

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

Hong Kong, 24 June 2016

*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](http://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](http://www.finet.hk)*