



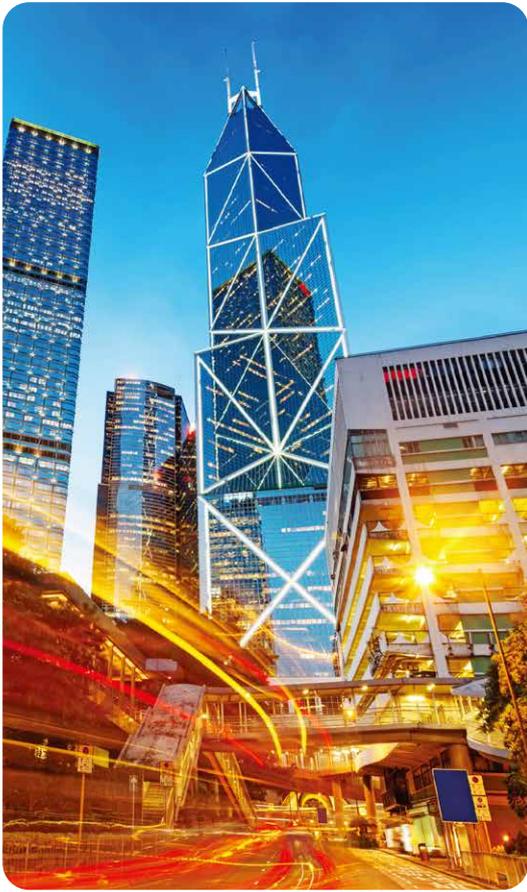
財華社  
FINET

Finet Group Limited

(Continued in Bermuda with limited liability)  
(Stock Code: 08317)



Financial  
Market



Media  
Business



Securities &  
Financial  
Awards



TV & App  
Production



ANNUAL REPORT  
2015/16

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

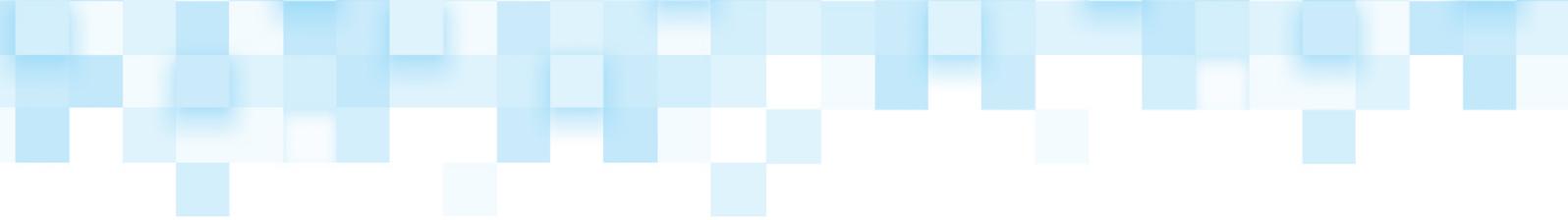
**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest 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.**

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this annual report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this annual report.*

*This annual report, 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 (“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 annual report 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 annual report misleading.*





## Corporate Profile

The Company was incorporated in the Cayman Islands in 1998. The Company was deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda in June 2011. The shares of the Company are listed on GEM (stock code: 08317). The major business segments of the Group are provision of financial information services (including media business), securities and futures business, money lending and property investment.

The Group is headquartered in Hong Kong with offices in Beijing and Shenzhen.





# Corporate Information

## Board of Directors

### Executive Directors

Ms. LO Yuk Yee (*Chairman*)  
Mr. CHOW Wing Chau  
Mr. YIU Wing Hei

### Independent non-executive Directors

Mr. WONG Wai Kin  
Mr. SIU Siu Ling, Robert  
Mr. LEUNG Chi Hung

### Audit Committee

Mr. WONG Wai Kin (*Chairman*)  
Mr. SIU Siu Ling, Robert  
Mr. LEUNG Chi Hung

### Remuneration Committee

Mr. SIU Siu Ling, Robert (*Chairman*)  
Mr. WONG Wai Kin  
Ms. LO Yuk Yee

### Nomination Committee

Ms. LO Yuk Yee (*Chairman*)  
Mr. WONG Wai Kin  
Mr. SIU Siu Ling, Robert

### Corporate Governance Committee

Mr. LEUNG Chi Hung (*Chairman*)  
Mr. WONG Wai Kin  
Mr. SIU Siu Ling, Robert

### Company Secretary

Mr. PO Eric

### Authorized Representatives

Ms. LO Yuk Yee  
Mr. CHOW Wing Chau

### Legal Advisors

ONC Lawyers  
PHILLIPS Solicitors

## Auditors

HLB Hodgson Impey Cheng Limited  
*Certified Public Accountants*

## Registered Office

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

## Head Office

Room C 11/F  
Bank of East Asia Harbour View Centre  
56 Gloucester Road Wanchai  
Hong Kong

## Principal Place of Business in Hong Kong

30/F, Fortis Tower  
77–79 Gloucester Road, Wanchai  
HK

## Company Website

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

## Principal Banker

The Hongkong and Shanghai Banking  
Corporation Limited

## Stock Code

08317

## Investor Relations

Email: [ir@finet.com.hk](mailto:ir@finet.com.hk)  
Website: <http://ir.finet.hk/>

# Financial Highlights

## Year ended 31 March

	2016 HK\$'000	2015 HK\$'000
<b>Operating results</b>		
Revenue	11,183	19,292
Loss attributable to owners of the Company	(35,957)	(36,214)
Loss attributable to non-controlling interests	(4,775)	(3,206)

## As at 31 March

	2016 HK\$'000	2015 HK\$'000
<b>Financial position</b>		
Total assets	140,305	149,528
Total liabilities	53,786	36,047
Net assets	86,519	113,481
Cash and cash equivalents	25,718	43,650

## Year ended 31 March

	2016	2015
<b>Loss per share for loss attributable to owners to the Company during the year</b>		
Basic and diluted (in HK cent)	<u>(7.94) cents</u>	<u>(8.2) cents</u>

## Statement from the Chairman

The financial year of 2015/16 is a year of change for Finet Group Limited ("Finet"). Despite of the slowing down of the economy in China and the uncertain atmosphere surrounding the global economy has adversely affected the Hong Kong market, we have made a significant growth of market in news distribution business, and new media. We have been committed to grow on the financial information and news provider in the past few years and had reached the targeted number of viewers in the market of China.

The increasing awareness and our exposure on all the news media in China is made by the increasing usage of smart phones and mobile devices. Finet and FinTV mobile apps have made a significant penetration into the viewers in China. We have a multiple increase in both the number of our video program and number of channels of portals not just in China but in global market such as MSN, Yahoo, Tencent, Sina Finance, Tiao.com and LeTV etc.

We have implemented a cost restructuring plan which resulted in the downsizing of data centre and building up of cloud service. This has resulted in reduction of hardware and infrastructure costs and this will bring cost saving benefit to the company in the long-term.

In our financial service arms, we have increased our investment in the building up a team of professional staff in the Finet Securities Limited as we believe Hong Kong stock market will experience rapid growth since the opening up of the Shanghai-Hong Kong Stock Connect Program and the soon to open of Shenzhen Hong Kong Stock Connect Program. This will bring in a lot of business in the Hong Kong equity markets in the coming years.

In the funds market we also built up a team of professional staff to tap on the growing funds market in Hong Kong. We have obtained the type (9) license in the December of 2015 for fund management business. The internationalization of Renminbi process has driven the rapid development of both QFII and RQFII and this has signalled the opening up of the capital account and the encouragement of cross-border circulation of Renminbi and will be benefiting cross-border business. We are confident in this sector as the investment in

funds by retail customers will be increased as a result of the mutual recognition of funds between China Mainland and Hong Kong.

The Company has dual targets for development. One is our financial services and brokerage business, and the other is the existing business in news contents providers.

Our fund management business was only established in May 2016 and this will take times to grow. As of today, we have not achieved any revenue in this sector, however, we have generated a steady growth in brokerage business. In the light of the revenue from new business we engaged in financial service is insufficient for covering the operating cost of the whole group, we have to continue to allocate more resources in our news platform. Our news in portal and mobile TV apps have high recognition in both Hong Kong and China market, this will be an encouragement for us to continue to allocate resources in our news platform.

Finally, taking into consideration of our business plan mentioned above, it is expected to ultimately scale down the development and investment in the Internet Finance Platform in China as well as the investment in our Big Data platform in an appropriate manner. In the meantime, business expansion in Beijing and Shenzhen will be carried out very carefully.

We believe Finet Securities Limited will generate satisfactory brokerage and asset and fund management business in 2016.

We are optimistic in our views on the business prediction and believe our new business strategy will bring fruitful results to our company.

### Appreciation

I would like to take this opportunity to give thanks for the hard work of our staffs and the continuous support from our shareholders.

**Lo Yuk Yee**

*Chairman*

June 24, 2016

# 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 with 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 the next financial year.

## Securities and Futures Business

The Group has been focusing in Securities 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) an 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) a 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 decrease in income from financial information service business.

## Management Discussion and Analysis

Selling and marketing expenses of the Group for the year ended 31 March 2016 was decreased to 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 change of effective interest expenses on convertible bonds amounts 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		
	2016 HK\$'000	2015 HK\$'000	change
Net current assets	14,420	25,729	(44%)
Total assets	140,305	149,528	(6%)
Total liabilities	53,786	36,047	49%
Total equity	86,519	113,481	(24%)
Cash and cash equivalents	25,718	43,650	(41%)
Debts to equity ratio	0.59x	0.32x	84%
Gearing ratio	0.28x	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 an increase of approximately 49%.

## Management Discussion and Analysis

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%.

### Gearing Ratio

As at 31 March 2016, the Group's gearing ratio was approximately 28% (2015: 10%), based on total borrowings 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 an investment property in 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.

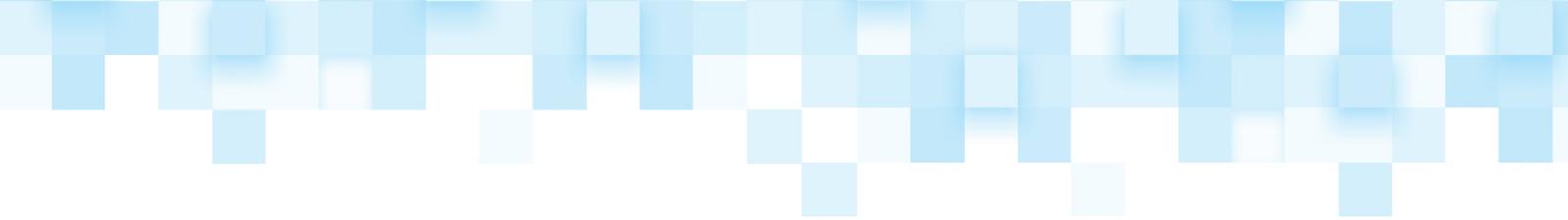
The Company has adopted a share option scheme under which the Company may grant options to Directors and eligible employees to subscribe the shares of the Company.

### 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.

### Prospect

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



## Management Discussion and Analysis

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

With our experienced production team and content 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 (“IR business”) is expected to become the profit centre 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 event; (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 from FinTV can support the growth and expansion of our IR Business. In addition, the Group has accumulated ample experience 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, Finet has earned a lot of reputation and recognition by running TOP 100 HK awards Ceremony events.

On the other hand, Finet Securities Limited, 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 income and performance fee income from fund management business.

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

# Board of Directors and Senior Management

## Executive Directors

### **Ms. LO Yuk Yee (“Ms. LO”)**

Ms. LO, aged 56, is an experienced investor in cutting-edge technology and venture capital in the past 22 years, her experience covers a broad range of industries crossing biotechnology, internet business, and finance field in the PRC, United States of America and Hong Kong. Ms. LO also worked in the banking, insurance and finance fields before she became an entrepreneur.

She was the chief executive officer and chairman of a listed company in Hong Kong between 2002 and 2006. Ms. LO is a director of Maxx Capital International Limited and Pablos International Limited, which have an interest in the share capital of the Company that are required to be disclosed under the provision in Division 2 and 3 of Part XV of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (“SFO”). Ms. LO joined our Group on 28 October 2010.

### **Mr. CHOW Wing Chau, Rico (“Mr. CHOW”)**

Mr. CHOW, aged 50, has more than 20 years of experience in financial control, company secretary, enterprise risk management and fund raising activities. Since 1995, Mr. CHOW has held various senior finance and management positions with private companies and public companies.

Currently, he is director of private companies in Hong Kong and the PRC, focusing on internal control, business development and other financial aspects. His industrial experience includes consulting, education, e-business, information technology, and mining etc. He graduated with Bachelor of Economics degree from Macquarie University in Australia, and Executive Diploma of ERM. He is a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia. Mr. CHOW joined our Group on 26 August 2010.

### **Mr. YIU Wing Hei (“Mr. YIU”)**

Mr. YIU, aged 36, is the Investment Director of General Nice Resources (Hong Kong) Limited (“GNR”) and the Investment Consultant of Abterra Limited (“Abterra”), a company listed in the Singapore Exchange Securities Trading Limited. Mr. YIU graduated from the University of Hong Kong with a Bachelor degree, majoring in Economics and Finance. He has been investing in various industries and has accumulated enormous successful business experience. Mr. YIU is also experienced in securities trading, asset management and financial investment.

Currently Mr. YIU focuses on development and trading of mineral resources like coal, iron and non-ferrous metals. He has been keen in developing minerals projects in South East Asian countries such as Indonesia and Philippines with over 5 years solid experience. His experience and expertise in financial investments have brought a number of high quality mineral resource projects to GNR and Abterra, at the same time resolving their financial needs. Mr. YIU joined our Group on 26 August 2010.

## Board of Directors and Senior Management

### Independent non-executive Directors

#### Mr. WONG Wai Kin (“Mr. W.K. WONG”)

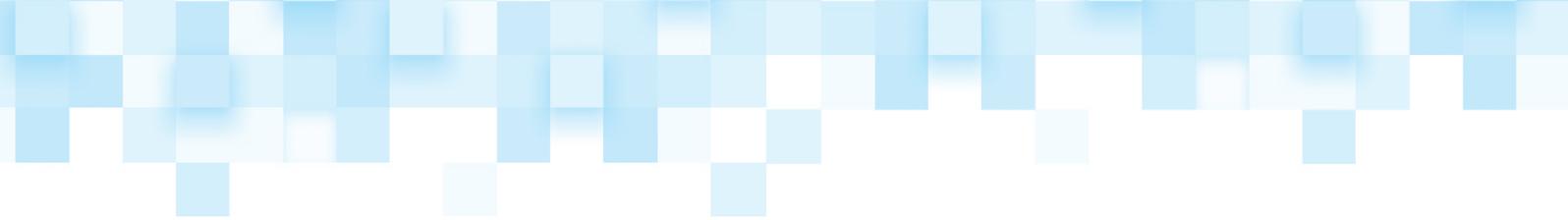
Mr. W.K. WONG, aged 58, is a practising certified public accountant and a proprietor of a public accounting firm in Hong Kong. Mr. W.K. WONG holds a Diploma in Accounting and is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. W.K. WONG has over 32 years of professional and commercial experience in accounting, auditing, taxation and corporate finance. Mr. W.K. WONG joined our Group on 13 September 2010.

#### Mr. SIU Siu Ling, Robert (“Mr. SIU”)

Mr. Siu Siu Ling, Robert (“Mr. Siu”), aged 64, has been appointed as independent non-executive Director of the Company with effect from 13 September 2010. He is a sole proprietor of the firm, Messrs. Robert Siu & Co., Solicitors. He is an independent non-executive director of Central Wealth Financial Group Limited (formerly known as China For You Group Company Limited) (stock code: 0572) and Skyway Securities Group Limited (formerly known as Mission Capital Holdings Limited) (stock code: 1141), a company listed on the Main Board of the Stock Exchange, and independent non-executive director of Kaisun Energy Group Limited (stock code: 8203) is listed on the Growth Enterprise Market of the Stock Exchange. Mr. Siu was a director of MBMI Resources Inc. during the period from November 2012 to March 2015, a company listed on the Toronto Stock Exchange. Mr. Siu holds a bachelor’s degree in laws from University of London in the United Kingdom and a postgraduate certificate in laws from The University of Hong Kong and a master degree in laws from University of Greenwich. He has been admitted as a solicitor in Hong Kong since 1992 and has been admitted as a solicitor in England and Wales since 1993. His legal practice is mainly in the field of commercial and corporate finance.

#### Mr. LEUNG Chi Hung (“Mr. C.H. LEUNG”)

Mr. C.H. LEUNG, aged 60, has commenced his accountancy professional training since 1976 and is a member of certain international accountancy bodies. Mr. C.H. LEUNG is also a Certified Public Accountant (Practising) in Hong Kong and a director of Philip Leung & Co. Limited, Certified Public Accountants (Practising). He is an independent non-executive director of Daido Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 544). Mr. C.H. LEUNG also became an independent non-executive director of eForce Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 943), on 13 December 2013. Mr. C.H. LEUNG is also an independent non-executive director of REF Holdings (stock code: 8177). He was an independent non-executive director of China Investment Development Limited (formerly known as Temujin International Investments Limited), a company listed on the Main Board of the Stock Exchange (stock code: 204) from 30 April 2009 to 11 April 2011. He was an independent non-executive director of Dore Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 628) from 17 April 2002 to 1 June 2010. Mr. C.H. LEUNG joined our Group on 23 February 2011.



## Board of Directors and Senior Management

### Senior Management's Profile

#### **Mr. LEE Yu Chung ("Mr. Y.C. LEE")**

Mr. Y.C. LEE, aged 56, the Head of IT of the Company, has over 26 years of experience in areas of IT Management, Enterprise Level Project Management, Business Re-engineering, IT Consulting and Solutions Selling. He graduated with Bachelor of Computer Science degree from Queen Mary College, University of London. He holds a Master degree in Business Administration from Asia International Open University (Macau). Mr. Y.C. Lee joined our Group in July 2011.

#### **Mr. Po Eric ("Mr. Po")**

Mr. Po, aged 47, is currently the Financial Controller and Company Secretary of the Company. Mr. Po has over 14 years of experience in auditing, accounting and financial management. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. PO joined our Group in November 2014.

# Corporate Governance Report

## 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.

The Company has not arranged insurance cover in respect of legal action against its directors as the Board considers that the Board adopts prudent management policy. The needs for insurance policy will be reviewed from time to time.

## Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31 March 2015. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors.

## The Board

The composition of the Board during the year ended 31 March 2016 and as at the date of this report and the biographical details of the Directors as at the date of this report are set out in the section headed "Report of the Directors" and the section headed "Board of Directors and Senior Management" of this annual report respectively.

During the year ended 31 March 2016, the Board held four physical meetings and the attendance of the Directors are as follows:

Name of directors	Number of attendance	% of attendance
<b>Executive Directors</b>		
Ms. LO Yuk Yee	4/4	100%
Mr. CHOW Wing Chau	4/4	100%
Mr. YIU Wing Hei	4/4	100%
<b>Independent non-executive Directors</b>		
Mr. WONG Wai Kin	4/4	100%
Mr. SIU Siu Ling, Robert	4/4	100%
Mr. LEUNG Chi Hung	4/4	100%

## Corporate Governance Report

In addition to physical meetings, the Board also approved matters by resolutions in writing from all the Directors.

The Board is responsible for the overall management of the Company in accordance with the bye-laws of the Company ("Bye-Laws") and is entitled to delegate its powers in respect of daily management to any executive Directors, committees of the Board and the management team. The Board is primarily responsible for approving and monitoring the Company's major corporate matters, the evaluation of the performance of the Company and oversight of the management.

To the knowledge of the Directors, the Board members have no financial, business, family or other material/relevant relationships with each other.

### Independent non-executive Directors and Retirement by Rotation

Pursuant to Rule 5.08 of the GEM Listing Rules, the Company has at least three independent non-executive Directors with at least one of them having appropriate professional or accounting or related financial management expertise. The Company has received the annual confirmation of independence from all the independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules and considered them to be independent. Each of the independent non-executive Directors is appointed for a term of one year.

Each Director is subject to retirement and rotation requirement under the Bye-Laws.

### 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 2016, 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 principal duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Company.

The audit committee met four times during the year ended 31 March 2016 and the attendance of the members are as follows:

<b>Name of committee members</b>	<b>Number of attendance</b>	<b>% of attendance</b>
Mr. WONG Wai Kin	4/4	100%
Mr. SIU Siu Ling, Robert	4/4	100%
Mr. LEUNG Chi Hung	4/4	100%

During the year ended 31 March 2016, the audit committee discharged its duties by reviewing the financial matters, quarterly, interim and annual financial reports and financial statements as well as audit matters of the Company, discussing with executive Directors, management and the auditors of the Company, and making recommendations to the Board.

The audited financial statements of the Group for the year ended 31 March 2016 have been reviewed by the audit committee.

## Corporate Governance Report

The financial statements for the year ended 31 March 2016 were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting of the Company. The Audit Committee has recommended to the Board that HLB Hodgson Impey Cheng Limited be reappointed as the auditors of the Company at the forthcoming annual general meeting of the Company.

### Remuneration Committee

During the year ended 31 March 2016, the remuneration committee of the Company comprised of the executive Director, Ms. LO Yuk Yee and two independent non-executive Directors, namely, Mr. WONG Wai Kin and Mr. SIU Siu Ling, Robert (with Mr. SIU Siu Ling, Robert as the chairman thereof). The principal responsibilities of the remuneration committee include the formulation of the Company's remuneration policy, the approval or recommendation to the Board on remuneration packages for the Directors and the senior management, and the review and approval of performance-based remuneration by reference to corporate goals and objectives.

According to the terms of reference, the remuneration committee should meet at least once a year. The remuneration committee met one time during the year ended 31 March 2016 in which the remuneration committee reviewed the remuneration policy of the Company and the performance of the executive Directors and the attendance of the members are as follows:

Name of committee members	Number of attendance	% of attendance
Mr. SIU Siu Ling, Robert	1/1	100%
Ms. LO Yuk Yee	1/1	100%
Mr. WONG Wai Kin	1/1	100%

### Nomination Committee

During the year ended 31 March 2016, the nomination committee comprised of the executive Director, Ms. LO Yuk Yee and two independent non-executive Directors, namely Mr. SIU Siu Ling, Robert and Mr. WONG Wai Kin (with Ms. LO Yuk Yee as the chairman thereof). The principal responsibilities of the nomination committee include, amongst other things, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy.

The nomination committee is mainly responsible for looking for suitable candidates to join the Board when there are vacancies or when it is necessary to hire additional Directors. The members of the nomination committee will propose the appointment of the candidates concerned to each member of the Board, and all members of the nomination committee will review the qualifications of the candidates concerned and decide whether they are suitable to join the Company and the terms of their appointment based on their caliber, experience and background.

## Corporate Governance Report

According to the terms of reference, the nomination committee should meet at least once a year. The nomination committee met one time during the year ended 31 March 2016 and the attendance of the members are as follows:

<b>Name of committee members</b>	<b>Number of attendance</b>	<b>% of attendance</b>
Ms. LO Yuk Yee	1/1	100%
Mr. WONG Wai Kin	1/1	100%
Mr. SIU Siu Ling, Robert	1/1	100%

### Corporate Governance Committee

During the year ended 31 March 2016, the corporate governance committee comprised of three independent non-executive Directors, namely Mr. LEUNG Chi Hung, Mr. SIU Siu Ling, Robert and Mr. WONG Wai Kin (with Mr. LEUNG Chi Hung as the chairman thereof).

The corporate governance committee is responsible for performing the corporate governance duties including:

- (a) to develop and review the Company's policies and practices on corporate governance and making recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management of the Company and its subsidiaries;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance management (if any) applicable to employees and directors of the Company and its subsidiaries; and
- (e) to review the Company's compliance with the CG Code and disclosure on the Corporate Governance Report.

According to the terms of reference, the corporate governance committee should meet at least once a year. The corporate governance committee met one time during the year ended 31 March 2016 and the attendance of the members are as follows:

<b>Name of committee members</b>	<b>Number of attendance</b>	<b>% of attendance</b>
Mr. LEUNG Chi Hung	1/1	100%
Mr. WONG Wai Kin	1/1	100%
Mr. SIU Siu Ling, Robert	1/1	100%

### Auditors' Remuneration

In line with the sound practice that the independence of external auditors should not be impaired by other non-audit assignments, the Group ensures that assignments other than statutory audits undertaken by external auditors should not have an adverse impact on their independence. For the year ended 31 March 2016, the auditors of the Company received approximately HK\$520,000 for audit service and Nil for non-audit services.

### Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 March 2016.

### Company Secretary

Mr. PO Eric ("Mr. PO") was appointed as the company secretary of the Company on 9 Feb 2015. In his capacity acting as the company secretary of the Company, Mr. PO is responsible for finance and company secretarial works. Mr. PO has taken not less than 15 hours of relevant professional training and in compliance with Rule 5.15 of the GEM Listing Rules.

### Internal Controls

The Board has overall responsibility for the system of internal controls of the Company and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal control system to safeguard the interests of shareholders and the Company's assets.

In consideration of the size of the Group, the Board does not consider it necessary to establish an internal audit team at present. However, the key control procedures established by the Company are day-to-day supervision of the business by the executive Directors, supported by managers responsible for the operations and the key divisional supporting functions of finance, information system, media production and human resources.

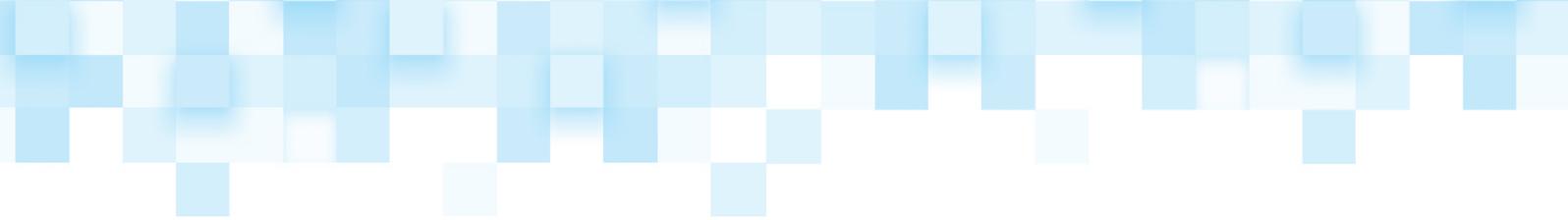
During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Group.

The Board will continue to review and improve the Company's internal control systems, taking into account the prevailing regulatory requirements, the Group's business development, shareholder interest, and technological advances.

### Shareholders' Rights

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. Besides, pursuant to the Bye-Laws, shareholder(s) holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings may request the Company to convene a special general meeting by sending a written requisition to the Board or the company secretary. The objects of the meeting must be stated in the written requisition.

Shareholders may send written enquiries to the Company for putting forward any enquiries or proposals to the Board directly to its principal place of business in Hong Kong by post or email to [ir@finet.com.hk](mailto:ir@finet.com.hk). The Company will respond to all enquiries on a timely and proper basis.



## Corporate Governance Report

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

An up-to-date version of the Bye-Laws is available on the Company's website and the Stock Exchange's website. Shareholders may refer to the Bye-Laws for further details of their rights.

All resolutions put forward at shareholders' meetings will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.finet.hk](http://www.finet.hk)) immediately after the relevant general meetings.

### Investor Relations and Communication

The Company has established and maintained different communication channels with its shareholders. The Company updates its shareholders on its latest business developments and financial performance through its corporate publications including annual reports and public announcements. Briefing and meetings with institutional investors and analysts are conducted regularly. The Company also maintains its website ([www.finet.hk](http://www.finet.hk)) to provide an alternative communication channel for the public and its shareholders. All corporate communication and Company's latest updates are available on the Company's website for public's information.

During the year, there has been no significant change in the Company's constitutional documents.

# Report of the Directors

The Directors present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2016.

## Principal Activities

The Company is an investment holding company. The principal activities and other particulars of its subsidiaries are set out to Note 19 to the consolidated financial statements.

## Business Review

The business review of the Group for the year ended 31 March 2016 is set out in the section headed Management Discussion and Analysis on pages 8 to 11 of this annual report.

## Principal Risks and Uncertainties facing by the Group

FinTV is facing fierce competition from traditional TV and other internet TV, there are so many platforms providing different kinds of program from all over the world.

In order to due with this challenge, FinTV will improve our mobile apps so that we can attract more audience to view our program.

FinTV also realize the quality of financial news is critical to our success. Therefore, we continue to recruit experienced news writer and anchor to join our Group.

Our financial services business, brokerage business and fund management business will be adversely affected by the downturn of the financial market. The performance of financial market can be influenced by different economic and political factors. Besides, the coming of financial crisis is difficult to predict. All the factors mentioned above will create risks and uncertainties for our financial services business, brokerage business and fund management business. The Company will strengthen the risk management by recruiting the right candidate or consulting the risk management expert.

## The Group's environmental policies and performance

It is FinTV's policy to ensure our business is conducted in environmental friendly manner by control carefully the usage of electricity which is the biggest resources in supporting our operation.

The Group also commits to the principle and practice of recycling and reducing. To help conservation of the environment, we implement green office practices such as re-deployment of office furniture as fair as possible, encourage use of recycled paper for printing and copying, double-sided printing and copying.

## Compliance with the relevant laws and Regulations that have a significant impact on the Group

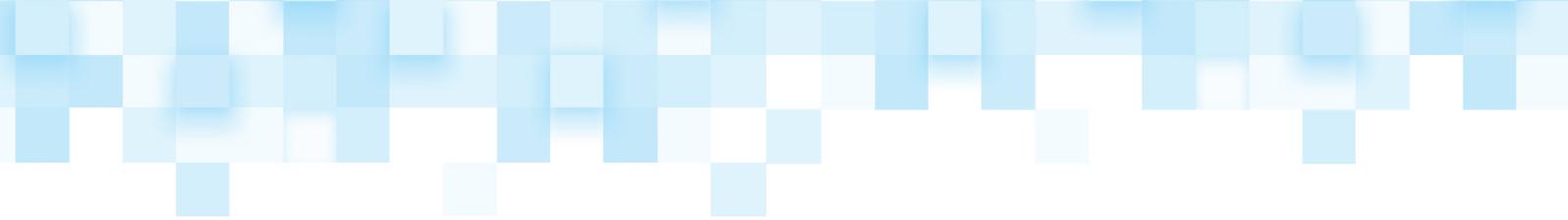
During the year, as far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the business and operation of the Group. The Group will seek for professional legal opinion from its external legal advisors when necessary to ensure that the Group's transactions and business are in conformity with all applicable laws and regulations.

## Auditors' letter on Disclosed Continuing Connected Transactions

Please refer to the Connected Transactions and Continuing Connected Transactions in the Report of Directors.

## The Group's relationships with its employees, customers, and suppliers

The Company maintains good relationships with its employees, customers and suppliers.



## Report of the Directors

The Directors recognize that employees, customers and suppliers are the keys of sustainable development of the Group. The Group strives to motivate its employees with a clear career path and opportunities for advancement and improvement of skills. The Group also stays connected with its customers and suppliers and has ongoing communication with them to obtain their feedback and suggestions.

### Results and Appropriations

Details of the Group's results for the year ended 31 March 2016 are set out in the consolidated income statements on page 31.

The Board does not recommend the payment of dividend for the year ended 31 March 2016 (2015: Nil).

### Group Financial Summary

A summary of the published annual results and assets and liabilities of the Group for the last five financial years is set out in the section headed "Financial Summary" of this annual report.

### Distribution Reserves

The Company had reserves of approximately HK\$59,716,000 (2015: HK\$52,047,000) available for dividend distribution to shareholders as at 31 March 2016.

### Share Capital

Details of movements in share capital of the Company are set out in Note 29 to the accompanying financial statements.

### 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.

### Pre-emptive Rights

There is no provision for pre-emptive rights under the Bye-Laws or the laws in Bermuda.

### Subsidiaries

Particulars of the Company's subsidiaries are set out in Note 19 to the accompanying consolidated financial statements.

### Borrowing and Interest Capitalized

Particulars of borrowing of the Group as at 31 March 2016 are set out in Note 26 to the accompanying financial statements. No interest was capitalized by the Group during the year.

### Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained a sufficient public float required under the GEM Listing Rules.

### Biographical Details of Directors and Senior Management

Brief biographical details of Directors and senior management are set out in the section headed "Board of Directors and Senior Management" of this annual report.

### Directors

The Directors who held office during the year ended 31 March 2016 were:

#### *Executive Directors*

Ms. LO Yuk Yee  
Mr. CHOW Wing Chau  
Mr. YIU Wing Hei

#### *Independent non-executive Directors*

Mr. WONG Wai Kin  
Mr. SIU Siu Ling, Robert  
Mr. LEUNG Chi Hung

Detailed information of the Directors standing for re-election will be set out in the circular in relation to the forthcoming annual general meeting of the Company to be dispatched to the shareholders of the Company.

### Emoluments of the Directors and the Five Highest Paid Individuals

Details of the Directors' emoluments and of the five highest paid individuals in the Group are set out in Note 12 and Note 14 to the accompanying financial statements respectively.

### Directors' Service Agreements

Each of the independent non-executive Directors is appointed for a term of one year.

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

### Interest in Shares and Underlying Shares

#### **Directors' and chief executive's interests and short positions in the shares and underlying shares**

As at 31 March 2016, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO, as recorded in the register required to be kept under section 352 of the SFO) or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

## Report of the Directors

### Long positions in the shares and underlying shares of the Company and its associated corporations

Name of Director	Name of Group member	Name of associated corporations	Number of shares and capacity in which the shares were held		Number of underlying shares and capacity in which the underlying shares were held		Total number of shares	% of shares in issue (Note 2)
			Beneficial owner	Interest of controlled corporation	Beneficial owner	Interest of controlled corporation		
<b>Executive Director:</b>								
Ms. LO Yuk Yee ("Ms. LO")	The Company	—	—	278,439,784 (Note 1)	—	—	278,439,784	59.83%
Ms. LO	—	Maxx Capital International Limited ("Maxx Capital") (Note 1)	—	2 shares of US\$1 each	—	—	2 shares of US\$1 each	100%
Ms. LO	—	Pablos International Limited ("Pablos") (Note 1)	1,000 shares of US\$1 each	—	—	—	1,000 shares of US\$1 each	100%
Mr. CHOW Wing Chau ("Mr. CHOW")	The Company	—	—	—	500,000 (Note 3)	—	500,000	0.11%

#### Notes:

- 278,439,784 ordinary shares of HK\$0.01 each were held by Maxx Capital which was wholly-owned by Pablos, and Pablos was wholly owned by Ms. LO. Accordingly, Pablos and Ms. LO were deemed by virtue of the SFO to be interested in 278,439,784 ordinary shares of HK\$0.01 each held by Maxx Capital.
- As at 31 March 2016, the Company had 465,418,880 ordinary shares of HK\$0.01 each in issue.
- Details of the share option granted to the Directors are set out in "Movements of Options".

Save as disclosed above, as at 31 March 2016, none of the Directors or chief executive of the Company nor their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

## Report of the Directors

### Substantial shareholders' interest and short position in the shares of the Company

As at 31 March 2016, so far as the Directors are aware, persons other than Directors or chief executive of the Company who have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, were as follows:

Name of shareholders	Number of shares and capacity in which the share were held		Number of underlying shares and capacity in which the share were held		Total number of shares	% of shares in issue (Note 2)
	Beneficial owner	Interest of controlled corporation	Beneficial owner	Interest of controlled corporation		
<b>Substantial shareholders:</b>						
Maxx Capital (Note 1)	278,439,784	—	—	—	278,439,784	59.83%
Pablos (Note 1)	—	278,439,784	—	—	278,439,784	59.83%

Notes:

- 278,439,784 ordinary shares of HK\$0.01 each were held by Maxx Capital, which was wholly-owned by Pablos and Pablos was wholly owned by Ms. LO. Accordingly, Pablos and Ms. LO were deemed by virtue of the SFO to be interested in 278,439,784 ordinary shares of HK\$0.01 each held by Maxx Capital. Ms. LO is a director of each of Maxx Capital and Pablos.
- As at 31 March 2016, the Company had 465,418,880 ordinary shares of HK\$0.01 each in issue.

### Other persons who are required to disclose their interests

Save as disclosed above, the Directors are not aware of other person who, as at 31 March 2016, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

### Movements of Options

Details of movements of the share options granted under the valid share option scheme adopted (with its mandate limit refreshed at the annual general meeting of the Company held on 4 September 2014) for the year ended 31 March 2016 are as follows:

Name of grantee	Date of grant	Exercise price	Number of share options			Balance as at 31 March 2016
			Balance as at 1 April 2015	Granted during the year	Lapsed during the year	
<b>Executive Directors:</b>						
Mr. CHOW	30 September 2011 (Note 1)	HK\$0.49	125,000	—	(125,000)	—
	3 January 2014 (Note 2)	HK\$0.50	500,000	—	—	500,000
Mr. YIU	30 September 2011 (Note 1)	HK\$0.49	125,000	—	(125,000)	—
<b>Employees</b>						
	30 September 2011 (Note 1)	HK\$0.49	500,000	—	(500,000)	—
	3 January 2014 (Note 2)	HK\$0.50	2,000,000	—	(1,000,000)	1,000,000
<b>Total</b>			3,250,000	—	(1,750,000)	1,500,000

## Report of the Directors

### Notes:

1. For share options granted on 30 September 2011.

Validity period: The outstanding share options are exercisable for a period of two years commencing from the end of the respective vesting period in the manner as stated below.

		As at 31 March 2016	As at 31 March 2015
Vesting period:	6 months after 30 September 2011:	lapsed	lapsed
	12 months after 30 September 2011:	lapsed	lapsed
	18 months after 30 September 2011:	lapsed	lapsed
	24 months after 30 September 2011:	lapsed	25%

2. For share options granted on 3 January 2014

Validity period: The outstanding share options are exercisable for a period of ten years commencing from the end of the respective vesting period in the manner as stated below.

Vesting period:	6 months after 3 January 2014:	50%	50%
	12 months after 3 January 2014:	50%	50%

### Outstanding Unlisted Warrants

As at 31 March 2016, the Company has outstanding warrants conferring the right to subscribe up to HK\$25,551,924 in aggregate for the shares of the Company. The issue price of each such warrant was HK\$0.02 and each of such warrants entitle the holder thereof to subscribe in cash for one ordinary share of HK\$0.01 each in the capital of the Company at an initial subscription price of HK\$0.402 per ordinary share of the Company, subject to adjustment at any time for the period commencing on 30 January 2012 to 4:00 p.m. (Hong Kong time) on 29 January 2017 (or if it is not a business day, the business day immediately preceding such day). The exercise in full of the subscription rights attaching to the outstanding warrants as at 31 March 2016 will result in the issue of 63,562,000 shares of the Company.

### Convertible bonds

The Company entered into subscription agreement with the subscriber namely Maxx Capital International Limited, 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 principle amount of HK\$69,696,000 on 25 July 2015. As at 31 March 2016, the Company has 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 mature in two years from the issue date at their nominal value of HK\$17,424,000 or can be converted into shares at the holder's option at the maturity date at the conversion price of HK\$0.396 per conversion share (subject to reset and adjustments mechanisms). The maximum number of ordinary shares to be issued at the maturity date is 176,000,000 shares and none of them was issued up to 31 March 2016.

The net proceeds received from the issuance of convertible bonds was HK\$17,424,000. The Group will not receive further consideration when the holders determines to convert the bonds into ordinary shares of the Company at maturity date. The reason for issuance of the convertible bonds is to expand the market force for promotion of mobile internet platform in the Mainland China by investing the development of finance internet platform in the Mainland China and strengthen general working capital.

### Directors' Interests in arrangement, transaction or contracts of significance

Save as disclosed in this annual report, there was no arrangements, transaction or contract of significance in relation to the Group's business to which the Group was a party and in which any of the Directors had a material interests, whether directly or indirectly, subsisted during or at the end of the year ended 31 March 2016 or at any time during such period (2015: Nil).

### 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.

### Competing Interests

None of the Directors or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the year ended 31 March 2016.

### Customers and Suppliers

For the year ended 31 March 2016, the five largest customers accounted for approximately 58% (2015: 52%) of the Group's total turnover and the five largest suppliers of the Group accounted for approximately 57% (2015: 61%) of the Group's total cost of sales. The largest customer of the Group accounted for approximately 29% (2015: 21%) of the Group's total turnover while the largest supplier of the Group accounted for approximately 15% (2015: 19%) of the Group's total cost of sales.

None of the Directors, their associates, or any substantial shareholders (which, to the knowledge of the Directors, owned more than 5% of the Company's share capital) had a beneficial interest in the Group's five largest customers and suppliers.

### Connected Transactions and Continuing Connected Transactions

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

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

## Report of the Directors

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.

### 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.

### Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

### Confirmation of Independence by Independent Non-executive Directors

The Company confirms that it has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and considers, based on the confirmations received, the independent non-executive Directors to be independent.

### Corporate Governance

The Company has published its Corporate Governance Report, details of which are set out in the section headed “Corporate Governance Report” of this annual report.

### Auditors

The financial statements for the years ended 31 March 2016, 2015 and 2014 were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

**Finet Group Limited**

**LO Yuk Yee**

*Chairman*

Hong Kong, 24 June 2016

# Independent Auditors' Report



國衛會計師事務所有限公司  
**Hodgson Impey Cheng Limited**

31/F, Gloucester Tower  
The Landmark  
11 Pedder Street  
Central  
Hong Kong

## TO THE SHAREHOLDERS OF FINET GROUP LIMITED

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

We have audited the consolidated financial statements of Finet Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 96, which comprise the consolidated statement of financial position as at 31 March 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Directors' responsibility for the consolidated financial statements

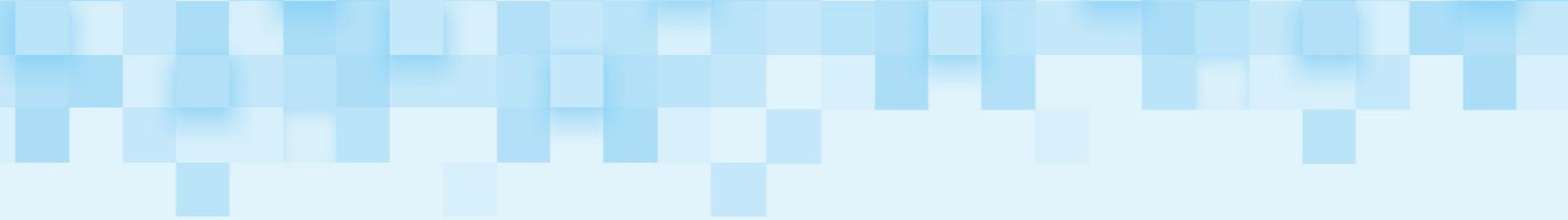
The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Independent Auditors' Report

### Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **HLB Hodgson Impey Cheng Limited**

*Certified Public Accountants*

### **Chan Ching Pang**

Practising Certificate Number: P05746

Hong Kong, 24 June 2016

# Consolidated Income Statement

For the year ended 31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000
<b>Revenue</b>	5	<b>11,183</b>	19,292
Cost of sales		<b>(7,906)</b>	(10,657)
<b>Gross profit</b>		<b>3,277</b>	8,635
Other income and gains	6	<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	8	<b>(1,093)</b>	(458)
<b>Loss before income tax</b>	9	<b>(40,612)</b>	(39,248)
Income tax expense	10	<b>(120)</b>	(172)
<b>Loss for the year</b>		<b>(40,732)</b>	(39,420)
<b>Loss attributable to:</b>			
— Owners of the Company		<b>(35,957)</b>	(36,214)
— Non-controlling interests		<b>(4,775)</b>	(3,206)
		<b>(40,732)</b>	(39,420)
<b>Loss per share for loss attributable to owners of the Company during the year</b>			
— Basic and diluted (in HK cent)	11	<b>(7.94) cents</b>	(8.2) cents

# Consolidated Statement of Comprehensive Income

For the year ended 31 March 2016

	2016 HK\$'000	2015 HK\$'000
<b>Loss for the year</b>	<b>(40,732)</b>	(39,420)
<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)
<b>Total comprehensive expense for the year</b>	<b>(40,341)</b>	(38,539)
<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)
	<b>(40,341)</b>	(38,539)

# Consolidated Statement of Financial Position

As at 31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	15	5,828	7,060
Investment properties	16	89,100	89,000
Intangible assets	17	950	950
Statutory deposits and other assets	18	656	405
Available-for-sale financial assets	20	109	295
		<u>96,643</u>	<u>97,710</u>
<b>Current assets</b>			
Accounts receivable	21	10,354	1,644
Prepayments, deposits and other receivables	22	6,663	5,131
Tax recoverable		6	6
Client trust bank balances		921	1,387
Cash and cash equivalents	23	25,718	43,650
		<u>43,662</u>	<u>51,818</u>
<b>Total assets</b>		<u>140,305</u>	<u>149,528</u>
<b>Current liabilities</b>			
Accounts payable	24	4,390	3,627
Accruals and other payables		11,676	6,647
Deferred income		346	1,691
Amount due to a related company	25	2,692	2,572
Borrowing — due within one year	26	10,138	11,552
		<u>29,242</u>	<u>26,089</u>
<b>Net current assets</b>		<u>14,420</u>	<u>25,729</u>
<b>Total assets less current liabilities</b>		<u>111,063</u>	<u>123,439</u>
<b>Non-current liabilities</b>			
Convertible bonds	27	13,930	—
Deferred tax liabilities	28	10,614	9,958
		<u>24,544</u>	<u>9,958</u>
<b>Net assets</b>		<u>86,519</u>	<u>113,481</u>
<b>Equity</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	29	4,654	4,408
Reserves		87,063	109,496
		<u>91,717</u>	<u>113,904</u>
Non-controlling interests		(5,198)	(423)
<b>Total equity</b>		<u>86,519</u>	<u>113,481</u>

LO Yuk Yee  
Director

CHOW Wing Chau  
Director

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	Attributable to owners of the Company													Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Employee compensation reserve	Other reserve	Convertible bonds equity component	Translation reserve	Property revaluation reserve	Investment revaluation reserve	Warrants reserve	Accumulated losses	Total			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Balance at 1 April 2014</b>	4,408	223,509	4,870	993	1,776	—	1	9,989	(992)	1,763	(97,697)	148,620	(2,217)	146,403	
Loss for the year	—	—	—	—	—	—	—	—	—	—	(36,214)	(36,214)	(3,206)	(39,420)	
<b>Other comprehensive income/ (expense)</b>															
Fair value loss on available-for-sale financial assets	—	—	—	—	—	—	—	—	(87)	—	—	(87)	—	(87)	
Reclassification adjustment upon impairment of available-for-sale financial assets	—	—	—	—	—	—	—	—	1,079	—	—	1,079	—	1,079	
Currency translation differences	—	—	—	—	—	—	(111)	—	—	—	—	(111)	—	(111)	
Total other comprehensive (expense)/income	—	—	—	—	—	—	(111)	—	992	—	—	881	—	881	
<b>Total comprehensive (expense)/income</b>	—	—	—	—	—	—	(111)	—	992	—	(36,214)	(35,333)	(3,206)	(38,539)	
<b>Transactions with owners</b>															
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	5,000	5,000	
Share options lapsed during the year	—	—	—	(431)	—	—	—	—	—	—	431	—	—	—	
Employee share-based compensation	—	—	—	617	—	—	—	—	—	—	—	617	—	617	
<b>Total transactions with owners</b>	—	—	—	1,179	—	—	—	—	—	—	431	617	5,000	5,617	
<b>Balance at 31 March 2015 and 1 April 2015</b>	<b>4,408</b>	<b>223,509</b>	<b>4,870</b>	<b>1,179</b>	<b>1,776</b>	<b>—</b>	<b>(110)</b>	<b>9,989</b>	<b>—</b>	<b>1,763</b>	<b>(133,480)</b>	<b>113,904</b>	<b>(423)</b>	<b>113,481</b>	
Loss for the year	—	—	—	—	—	—	—	—	—	—	(35,957)	(35,957)	(4,775)	(40,732)	
<b>Other comprehensive income (expense)</b>															
Fair value loss on available-for-sale financial assets	—	—	—	—	—	—	—	—	(186)	—	—	(186)	—	(186)	
Reclassification adjustment upon impairment of available-for-sale financial assets	—	—	—	—	—	—	—	—	186	—	—	186	—	186	
Currency translation differences	—	—	—	—	—	—	391	—	—	—	—	391	—	391	
Total other comprehensive income	—	—	—	—	—	—	391	—	—	—	—	391	—	391	
<b>Total comprehensive income/ (expense)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>391</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(35,957)</b>	<b>(35,566)</b>	<b>(4,775)</b>	<b>(40,341)</b>	
<b>Transactions with owners</b>															
Share options lapsed during the year	—	—	—	(786)	—	—	—	—	—	—	786	—	—	—	
Issue of shares upon exercise of unlisted warrants	246	10,135	—	—	—	—	—	—	(492)	—	—	9,889	—	9,889	
Issue of convertible bonds	—	—	—	—	—	4,180	—	—	—	—	—	4,180	—	4,180	
Deferred tax liabilities on recognition of equity components of convertible bonds	—	—	—	—	—	(690)	—	—	—	—	—	(690)	—	(690)	
<b>Total transactions with owners</b>	<b>246</b>	<b>10,135</b>	<b>—</b>	<b>(786)</b>	<b>—</b>	<b>3,490</b>	<b>—</b>	<b>—</b>	<b>(492)</b>	<b>786</b>	<b>13,379</b>	<b>—</b>	<b>—</b>	<b>13,379</b>	
<b>Balance at 31 March 2016</b>	<b>4,654</b>	<b>233,644</b>	<b>4,870</b>	<b>393</b>	<b>1,776</b>	<b>3,490</b>	<b>281</b>	<b>9,989</b>	<b>—</b>	<b>1,271</b>	<b>(168,651)</b>	<b>91,717</b>	<b>(5,198)</b>	<b>86,519</b>	

The merger reserve represents the difference between the share capital and share premium of the Company and the nominal value of shares of a subsidiary acquired pursuant to the reorganization in connection with the preparation for the initial listing of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

# Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000
<b>Cash flows from operating activities</b>			
Loss before income tax		(40,612)	(39,248)
Adjustments for:			
— Depreciation of property, plant and equipment		2,722	2,702
— Loss on disposal of property, plant and equipment		136	9
— Fair value gain on investment properties		(100)	—
— Fair value gain on held for trading investments		(42)	—
— Interest income from bank deposits		(5)	(9)
— Finance costs		1,093	458
— Equity-settled share-based payments		—	617
— Reversal of impairment loss of trade receivables		(30)	—
— 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
— Impairment loss of available-for-sale financial assets		186	1,079
Changes in working capital:			
— Statutory deposits		(251)	—
— Accounts receivable		(9,085)	5,273
— Prepayments, deposits and other receivables		(1,532)	(354)
— Accounts payable		763	1,197
— Accruals and other payables		5,029	(1,704)
— Deferred income		(1,345)	260
— Client trust bank balances		466	(1,045)
Cash used in operations		(42,202)	(27,975)
Interest paid		(407)	(458)
Income tax paid		(154)	(153)
Net cash used in operating activities		(42,763)	(28,586)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	15	(1,665)	(1,612)
Purchase of held for trading investments		(346)	—
Interest received from bank deposits		5	9
Sales proceeds of held for trading investments		388	—
Net cash used in investing activities		(1,618)	(1,603)
<b>Cash flows from financing activities</b>			
Capital contribution from non-controlling interests		—	5,000
Issuance of shares upon exercise of unlisted warrants		9,889	—
Issuance of convertible bonds		17,424	—
Repayment of borrowing		(1,414)	(1,415)
Amount due to a related company		120	668
Net cash generated from financing activities		26,019	4,253
<b>Net decrease in cash and cash equivalents</b>		<b>(18,362)</b>	<b>(25,936)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>43,650</b>	<b>69,701</b>
Effect of foreign exchange rate changes, net		430	(115)
<b>Cash and cash equivalents at end of the year</b>	23	<b>25,718</b>	<b>43,650</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 1. General Information

Finet Group Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in (i) the development, production and provision of financial information service and technology solutions to corporate and retail clients in Hong Kong and the PRC; (ii) media business; (iii) the securities and futures business that specializes in the provision of online securities and futures trading; (iv) money lending business; and (v) property investments business. The principal activity of the Company is investment holding. The principal activities and other particulars of its subsidiaries are set out in Note 19.

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 Company’s parent is Maxx Capital International Limited, which is wholly-owned by Pablos International Limited. The ultimate controlling party is Ms. LO Yuk Yee, the chairman and executive director of the Company, through her ownership in Pablos International Limited.

The Company’s shares have been listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 7 January 2005.

These consolidated financial statements are presented in Hong Kong dollars (HK\$) unless otherwise stated. These consolidated financial statements were approved and authorized for issue by the board of directors (the “Board”) on 24 June 2016.

## 2. Summary of Significant Accounting Policies

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.

### 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 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 2. Summary of Significant Accounting Policies (Continued)

### 2.1 Basis of preparation (Continued)

#### **Changes in accounting policy and disclosures**

##### (a) 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) New and amended standards 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>3</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>3</sup>
HKFRS 16	Leases <sup>5</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>1</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>4</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 first annual HKFRS financial statements beginning on or after 1 January 2016.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

<sup>4</sup> Effective date to be determined.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 2. Summary of Significant Accounting Policies (Continued)

### 2.1 Basis of preparation (Continued)

#### **Changes in accounting policy and disclosures (Continued)**

(b) *New and amended standards have been issued but are not effective for the financial year beginning 1 April 2015 and have not been early adopted by the Group (Continued)*

HKFRS 9, "Financial instruments", addresses 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 cost, 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 recognized 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 2018 and earlier application is permitted. The Group is assessing the impact of HKAS 15.

#### HKFRS 16 — Leases

HKFRS 16 supersedes HKAS 17 Leases, HK(IFRIC)-Int 4 Determining Whether an Arrangement Contain a Lease, HK(SIC)-Int 15 Operating Lease — Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

HKFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with HKAS 17 Leases. Under HKFRS 16, leases are recorded on the statement of financial position by recognizing a liability for the present value of its obligation to make future lease payments with an asset (comprised the amount of lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognized lease assets and financial liabilities.

There are some exemptions. HKFRS 16 contains options which do not require a lessee to recognize assets and liabilities for (a) short term leases (i.e. lease of 12 months or less, including the effect of any extension options) and (b) leases of low value assets (for example, a lease of a personal computer).

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.1 Basis of preparation (Continued)

##### ***Changes in accounting policy and disclosures (Continued)***

- (b) *New and amended standards have been issued but are not effective for the financial year beginning 1 April 2015 and have not been early adopted by the Group (Continued)*

HKFRS 16 substantially carries forward the lessor's accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. In classifying a sublease, an intermediate lessor shall classify the sublease as a finance lease or an operating lease as follows: (a) if the head lease is a short-term lease that the entity, as a lessee, the sublease shall be reclassified as an operating lease; (b) otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

HKFRS 16 clarifies that a lessee separates lease components and service components of a contract, and applies the lease accounting requirements only to the lease components. The Group is assessing the impact of HKFRS 16.

The Group has already commenced an assessment of related impact of adopting the above new and amended standards 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.

#### 2.2 Consolidation

##### (a) *Subsidiaries*

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

##### (b) *Business combination*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Cost also includes direct attributable costs of investment. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated income statement.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.2 Consolidation (Continued)

(c) *Changes in ownership interests in subsidiaries without change of controls*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interests are also recorded in equity.

(d) *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(e) *Separate financial statements*

Investments in subsidiaries are accounted for at cost, less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

#### 2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

#### 2.4 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong Dollars ("HK\$"), which is the Company's functional and the Group's presentation currency.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.4 Foreign currency translation (Continued)

##### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that related to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance costs". All other foreign exchange gains and losses are presented in the consolidated income statement within "general and administrative expenses".

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the security, and other changes in the carrying amount of the security. Translation differences related to changes in the amortized cost are recognized in profit or loss, and other changes in the carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

##### (c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising therefrom are recognized as other comprehensive income and included in the translation reserve in equity.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 2. Summary of Significant Accounting Policies (Continued)

### 2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated depreciation losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the consolidated income statement during the period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold improvements	Over the term of leases
Computer equipment	20%
Office equipment	20%
Furniture and fixtures	20%
Motor vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses are determined by comparing proceeds with the carrying amount and are recognized in the consolidated income statement.

### 2.6 Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group.

Land held under operating leases are accounted for as investment property when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

Investment property is initially measured at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. These valuations are reviewed annually by external valuers.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.6 Investment properties (Continued)

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognized as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognized in the financial statements.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

Changes in fair values are recognized in the consolidated income statement, as part of other income and gains.

Gains or losses on disposal of an investment property are recognized in the consolidated income statement in the year of disposal.

#### 2.7 Intangible assets

##### (a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration of an acquisition transferred over the Group's interests in the fair value of the acquiree's identifiable assets acquired and liabilities assumed at the acquisition date. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

##### (b) Trading rights

Trading rights represent eligibility rights to trade on or through the Stock Exchange and on the Hong Kong Futures Exchange Limited with indefinite useful life, which are carried at cost less accumulated impairment losses.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.8 Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life — for example goodwill or intangible assets not ready to use — are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### 2.9 Financial assets

##### **Classification**

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivable and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets, if expected to be settled within 12 months, otherwise they are classified as non-current assets.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "statutory deposits and other assets", "accounts receivable", "deposits and other receivables" and "cash and cash equivalents" in the consolidated statement of financial position.

(c) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless mature or management intends to dispose of the investment within 12 months of the end of the reporting period.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.9 Financial assets (Continued)

##### ***Recognition and measurement***

Regular way purchases and sales of financial assets are recognized on the trade-date — the date on which the Group commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the consolidated income statement. Available-for-sale financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the consolidated income statement within “other income and gains” in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the consolidated income statement as part of other income when the Group’s right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the consolidated income statement as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the consolidated income statement as part of other income. Dividends on available-for-sale equity instruments are recognized in the consolidated income statement as part of other income when the Group’s right to receive payments is established.

#### 2.10 Impairment of financial assets

##### *(a) Assets carried at amortized cost*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.10 Impairment of financial assets (Continued)

(a) *Assets carried at amortized cost (Continued)*

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - (i) adverse changes in the payment status of borrowers in the portfolio;
  - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.10 Impairment of financial assets (Continued)

(b) *Assets classified as available-for-sale*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria refer to (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss — is removed from equity and recognized in the separate consolidated statement of comprehensive income. Impairment losses recognized in the separate consolidated statement of comprehensive income on equity instruments are not reversed through the separate consolidated statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the separate consolidated income statement.

#### 2.11 Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment, if any. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the consolidated income statement.

#### 2.12 Cash and cash equivalents and client trust bank balances

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and financial institutions, other short-term highly liquid investments with original maturities of three months or less, in the statements of financial position.

Client trust bank balances are not readily usable by the Group and are excluded from cash and cash equivalents for the purpose of the consolidated statement of cash flows.

#### 2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

#### 2.15 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

#### 2.16 Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component, which is included in shareholders' equity in other reserves. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

The liability component of a convertible instrument is classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries, jointly controlled entities and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, jointly controlled entities and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.18 Employee benefits

##### (a) Pension obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully within the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme. As at the reporting period, the total amount of forfeited contributions, which arose upon employees leaving the MPF Scheme and available to reduce the contribution payable in future years was Nil (2015: Nil).

Retirement benefits to employees in the People's Republic of China (the "PRC") are provided through a defined contribution plan. The Group is required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the central pension scheme. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

##### (b) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including market performance conditions are taken into considerations;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining employee of the entity over a specified time period) is excluded; and
- including the impact of any non-vesting conditions is included

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity. When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.18 Employee benefits (Continued)

(b) *Share-based compensation (Continued)*

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(c) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after end of the reporting period are discounted to present value.

#### 2.19 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; and it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

#### 2.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, on the following bases:

- (a) Service income from on-line content information provision is recognized on a time-proportion basis over the service period.
- (b) Income from Internet solutions is recognized when the services are rendered.
- (c) Income from advertisements on websites is recognized when the advertisements are placed.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.20 Revenue recognition (Continued)

- (d) Rental income from property letting is recognized in the period in which the properties are let and on a straight-line basis over the lease terms.
- (e) Commission income is recognized when the services are rendered.
- (f) Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognized using the original effective interest rate.
- (g) Dividend income is recognized when the right to receive payment is established.
- (h) Commission income from securities and futures brokerage is recognized on a trade-date basis when the relevant transactions are executed.

#### 2.21 Leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessors are accounted for as operating leases. Leases that substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as finance leases.

(a) *Where the Group is the lessee (operating leases)*

Payments made under operating leases (net of any incentives received from the leasing company) are expensed in the consolidated income statement on a straight-line basis over the lease periods.

(b) *Where the Group is the lessor (operating leases)*

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset.

Lease income is recognized over the term of the lease on a straight-line basis.

#### 2.22 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognized but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognized as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. Contingent assets are not recognized but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognized.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 2. Summary of Significant Accounting Policies (Continued)

#### 2.23 Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

#### 2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

### 3. Financial Risk Management

#### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 3. Financial Risk Management (Continued)

#### 3.1 Financial risk factors (Continued)

##### (a) Market risk

##### (i) Foreign exchange risk

The Group has no significant transactional currency exposures. The Group manages the foreign exchange exposure arising from its normal course of business activities and investments in foreign operations by funding its local operations and investments through cash flows generated from business transactions locally. The Group currently does not have a formal foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

##### (ii) Price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investment classified as available-for-sale financial assets (Note 20) as at 31 March 2016 and 2015. The Group's listed investments are listed on the Osaka Securities Exchange in Japan, and are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to every 5% increase/decrease in the fair values of the equity investments with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period:

	Increase/ (decrease) in carrying amount of equity investments HK\$'000	Decrease/ (increase) in loss before income tax HK\$'000	Increase/ (decrease) in equity* HK\$'000
<b>2016</b>			
5% increase in equity price	5	5	5
5% decrease in equity price	(5)	(5)	(5)
<b>2015</b>			
5% increase in equity price	15	15	15
5% decrease in equity price	(15)	(15)	(15)

\* Excluding accumulated losses

##### (iii) Cash flow and fair value interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with floating interest rates.

The Group's policy to manage its interest rate risk is to reduce or maintain its current level of interest-bearing borrowings. As the Group does not expect to significantly increase its level of interest-bearing borrowings, it has not used any interest rate swaps to hedge its exposure to interest rate risk.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 3. Financial Risk Management (Continued)

#### 3.1 Financial risk factors (Continued)

##### (a) Market risk (Continued)

##### (iii) Cash flow and fair value interest rate risk (Continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss before income tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before income tax HK\$'000	Decrease/ (increase) in equity* HK\$'000
<b>2016</b>			
Hong Kong dollar	50	51	—
Hong Kong dollar	(50)	(51)	—
<b>2015</b>			
Hong Kong dollar	50	58	—
Hong Kong dollar	(50)	(58)	—

\* Excluding accumulated losses

##### (b) Credit risk

The Group reviews the recoverability of its accounts receivable periodically to ensure that potential credit risk of the counterparty is managed at an early stage and sufficient provision is made for possible defaults. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, other receivables and available-for-sales financial assets arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

At the end of the reporting period, the Group has certain concentrations of credit risk as 90% (2015: 40%) and 97% (2015: 86%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively. Further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable are disclosed in Note 21 to the consolidated financial statements.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 3. Financial Risk Management (Continued)

#### 3.1 Financial risk factors (Continued)

##### (c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate reserves and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	On demand or within 1 year HK\$'000	More than 1 year but less than 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
<b>2016</b>				
Accounts payable	4,390	—	—	4,390
Accruals and other payables	11,676	—	—	11,676
Amount due to a related company	2,692	—	—	2,692
Borrowing	11,548	—	—	11,548
Convertible bonds	523	17,947	—	18,470
<b>2015</b>				
Accounts payable	3,627	—	—	3,627
Accruals and other payables	6,647	—	—	6,647
Amount due to a related company	2,572	—	—	2,572
Borrowing	13,331	—	—	13,331

For the purpose of managing liquidity risk, the management reviews the expected cash flow information of the Group's borrowing based on the scheduled repayment dates set out in the loan agreements as set out in the table below:

	Within 1 year HK\$'000	More than 1 year but less than 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
<b>2016</b>				
Borrowing	1,779	6,572	3,197	11,548
Convertible bonds	523	17,947	—	18,470
<b>2015</b>				
Borrowing	1,822	6,758	4,751	13,331

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 3. Financial Risk Management (Continued)

#### 3.2 Capital risk management

Certain of the Group's subsidiaries are regulated by the Securities and Futures Commission of Hong Kong (the "SFC") and are required to comply with certain minimum capital requirements according to the rules of the SFC. In addition, the Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. During the year ended 31 March 2016, the Group's strategy which was unchanged from 2015.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total equity, as shown in the consolidated statement of financial position. The gearing ratios at 31 March 2016 and 2015 were as follows:

	2016 HK\$'000	2015 HK\$'000
Total debt	24,068	11,552
Total equity	86,519	113,481
Gearing ratio	28%	10%

The total debt is defined as borrowings and convertible bonds, as detailed in Note 26 and 27 respectively.

#### 3.3 Fair value estimation

Financial instruments that are measured in the balance sheet at fair value require disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 3. Financial Risk Management (Continued)

#### 3.3 Fair value estimation (Continued)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The Group's investment properties and investment in an available-for-sale financial assets are classified as level 2 and level 1 respectively, and there are no transfer among levels 1, 2 and 3 during the year. Details are disclosed in respective notes to the consolidated financial statements.

#### 3.4 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	Loans and receivables HK\$'000	Available-for- sale financial assets HK\$'000	Total HK\$'000
<b>Financial assets as per consolidated statement of financial position 31 March 2016</b>			
Statutory deposits and other assets (Note 18)	656	—	656
Available-for-sale financial assets (Note 20)	—	109	109
Accounts receivable (Note 21)	10,354	—	10,354
Deposits and other receivables	4,733	—	4,733
Client trust bank balances	921	—	921
Cash and cash equivalents (Note 23)	25,718	—	25,718
Total	<u>42,382</u>	<u>109</u>	<u>42,491</u>

	Loans and receivables HK\$'000	Available-for- sale financial assets HK\$'000	Total HK\$'000
<b>Financial assets as per consolidated statement of financial position 31 March 2015</b>			
Statutory deposits and other assets (Note 18)	405	—	405
Available-for-sale financial assets (Note 20)	—	295	295
Accounts receivable (Note 21)	1,644	—	1,644
Deposits and other receivables	3,352	—	3,352
Client trust bank balances	1,387	—	1,387
Cash and cash equivalents (Note 23)	43,650	—	43,650
Total	<u>50,438</u>	<u>295</u>	<u>50,733</u>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 3. Financial Risk Management (Continued)

#### 3.4 Financial instruments by category (Continued)

	<b>Financial liabilities at amortized cost HK\$'000</b>
<b>Financial liabilities as per consolidated statement of financial position 31 March 2016</b>	
Accounts payable ( <i>Note 24</i> )	4,390
Accruals and other payables	11,676
Amount due to a related company	2,692
Borrowing ( <i>Note 26</i> )	10,138
Convertible bonds ( <i>Note 27</i> )	13,930
Total	<u>42,826</u>
	Financial liabilities at amortized cost HK\$'000
<b>Financial liabilities as per consolidated statement of financial position 31 March 2015</b>	
Accounts payable ( <i>Note 24</i> )	3,627
Accruals and other payables	6,647
Amount due to a related company	2,572
Borrowing ( <i>Note 26</i> )	11,552
Total	<u>24,398</u>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 4. Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (a) Estimated fair values of investment properties

The fair values of investment properties are determined annually by independent qualified valuers on open market value, existing use basis calculated on the net income allowing for reversionary potential. In making the judgment, considerations have been given to assumptions that are mainly based on market conditions existing at the end of the reporting period.

#### (b) Income taxes

The Group is subject to income taxes in certain jurisdictions. Significant judgment is required in determining the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination are made.

#### (c) Estimated impairment of trade and other receivables

The Group's management determines the impairment of trade and other receivables on a regular basis. This estimate is based on the credit history of its customers and current market conditions. Management reassesses the impairment of trade and other receivables at the end of the reporting period.

#### (d) Estimated impairment of intangible asset other than goodwill

The Group periodically reviews internal or external resources to identify indications that the intangible asset other than goodwill have suffered any impairment in accordance with accounting policy stated in Note 2.8. If the recoverable amount of an intangible asset is estimated to be less than its carrying amount, the carrying amount of the intangible asset is reduced to its recoverable amount. The assessment of the recoverable amount requires the use of estimates and assumptions.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 5. Revenue

Revenue recognized during the year is as follows:

	2016 HK\$'000	2015 HK\$'000
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>

### 6. Other Income and Gains

	2016 HK\$'000	2015 HK\$'000
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 of trade receivables	30	—
Sundry income	11	27
	<u>4,869</u>	<u>476</u>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 7. 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 business.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 7. Segment Information (Continued)

The segment results for the year ended 31 March 2016 are as follows:

	Financial information service business HK\$'000	Securities and futures business HK\$'000	Money lending business HK\$'000	Property investment business HK\$'000	Group HK\$'000
<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>	7,421	300	550	2,912	11,183
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>					(40,732)
Other segment items included in the consolidated income statement are as follows:					
Reversal of provision for 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	(2,423)	(46)	(1)	(252)	(2,722)

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 7. Segment Information (Continued)

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 business HK\$'000	Group HK\$'000
<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>	15,670	46	639	2,937	19,292
Segment results	(30,237)	(2,215)	(1,886)	(4,452)	(38,790)
Finance costs					(458)
<b>Loss before income tax</b>					(39,248)
Income tax expense					(172)
<b>Loss for the year</b>					(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)

Segment assets consist primarily of property, plant and equipment, investment properties, intangible asset, 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 asset and statutory deposits and other assets.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 7. Segment Information (Continued)

The segment assets and liabilities at 31 March 2016 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 business HK\$'000	Group HK\$'000
Assets	18,792	20,514	10,152	90,847	140,305
Liabilities	13,325	1,906	752	37,803	53,786
Capital expenditure	963	307	—	646	1,916

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 business HK\$'000	Group HK\$'000
Assets	34,957	19,897	517	94,157	149,528
Liabilities	10,798	2,219	632	22,398	36,047
Capital expenditure	1,612	—	—	—	1,612

The Group mainly operates in Hong Kong and the PRC.

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 7. Segment Information (Continued)

	2016 HK\$'000	2015 HK\$'000
<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 HK\$'000	2015 HK\$'000
<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 revenue of the Group are as follows:

	2016 HK\$'000	2015 HK\$'000
Customer A <sup>1</sup>	N/A <sup>3</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>

<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.

### 8. Finance Costs

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 9. Loss Before Income Tax

Loss before income tax has been arrived at after charging/(crediting):

	2016 HK\$'000	2015 HK\$'000
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) (Note 12)	28,293	27,092
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 provision for impairment loss of trade receivables	(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	—	—

### 10. Income Tax Expense

Hong Kong Profits Tax is calculated at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong for the year. No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong for both years.

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 is 25% from 1 January 2008 onwards.

	2016 HK\$'000	2015 HK\$'000
<b>Current tax:</b>		
— Overseas taxation — the PRC	154	153
<b>Deferred tax:</b> (Note 28)	(34)	19
Income tax expense	120	172

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 10. Income Tax Expense (Continued)

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the Hong Kong Profits Tax rate of 16.5% (2015: 16.5%) as follows:

	2016 HK\$'000	2015 HK\$'000
Loss before income tax	<u>(40,612)</u>	<u>(39,248)</u>
Tax calculated at Hong Kong Profits Tax rate	(6,700)	(6,476)
Effect of different tax rates of other jurisdictions	(614)	(399)
Income not subject to tax	(259)	(247)
Expenses not deductible for tax purposes	100	267
Tax effect of temporary differences not recognized	147	97
Tax losses for which no deferred income tax asset was recognized	7,639	6,945
Utilization of previously unrecognized tax losses	<u>(193)</u>	<u>(15)</u>
Income tax expense	<u>120</u>	<u>172</u>

### 11. 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, the computation of diluted loss per share 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 12. Employee Benefits Expense

Employee benefits expense (including directors' and chief executive's remuneration) during the year are as follows:

	2016 HK\$'000	2015 HK\$'000
Wages and salaries	26,118	24,608
Equity-settled share-based payments	—	617
Pension costs-defined contribution plans	1,169	1,298
Others	1,006	569
	<u>28,293</u>	<u>27,092</u>

### 13. Directors' and Chief Executive's Remuneration

The remuneration of every director and the chief executive of the Company for the years ended 31 March 2016 and 2015 are set out below:

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Share-based payments HK\$'000	Contributions to defined contribution schemes HK\$'000	Total HK\$'000
<b>Year ended 31 March 2016</b>					
<b>Executive Directors</b>					
Ms. LO Yuk Yee	—	2,035	—	19	2,054
Mr. CHOW Wing Chau	120	—	—	—	120
Mr. YIU Wing Hei	120	—	—	—	120
<b>Independent non-Executive Directors</b>					
Mr. SIU Siu Ling, Robert	120	—	—	—	120
Mr. WONG Wai Kin	120	—	—	—	120
Mr. LEUNG Chi Hung	120	—	—	—	120
	<u>600</u>	<u>2,035</u>	<u>—</u>	<u>19</u>	<u>2,654</u>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 13. Directors' and Chief Executive's Remuneration (Continued)

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Share-based payments HK\$'000	Contributions to defined contribution schemes HK\$'000	Total HK\$'000
<b>Year ended 31 March 2015</b>					
<b>Executive Directors</b>					
Ms. LO Yuk Yee	—	1,751	—	11	1,762
Mr. CHOW Wing Chau	120	—	99	—	219
Mr. YIU Wing Hei	120	—	—	—	120
<b>Independent non-Executive Directors</b>					
Mr. SIU Siu Ling, Robert	120	—	—	—	120
Mr. WONG Wai Kin	120	—	—	—	120
Mr. LEUNG Chi Hung	120	—	—	—	120
	<u>600</u>	<u>1,751</u>	<u>99</u>	<u>11</u>	<u>2,461</u>

No emoluments was paid or payable to chief executive of the Group during both years. The position of chief executive officer was vacant and its roles and responsibilities were shared amongst the members of the Board.

During the year ended 31 March 2016, no bonuses had been paid or receivable by the directors of the Company which are discretionary or are based on the Company's, the Group's or any member of the Group's performance.

During the year ended 31 March 2016, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office (2015: Nil). None of the directors of the Company waived or agreed to waive any remuneration during the year (2015: Nil).

The directors of the Company consider that they are the only key management personnel of the Group and details of their compensation have been set out above.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 14. Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the year included one (2015: one) director whose emoluments have been reflected in the analysis presented above. The emoluments payable to the remaining four (2015: four) individuals during the year are as follows:

	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
Basic salaries and allowances	<b>2,428</b>	2,409
Contributions to defined contribution schemes	<b>72</b>	70
	<b>2,500</b>	2,479

The emoluments fell within the following band:

	<b>2016</b> <b>Number of</b> <b>individuals</b>	2015 Number of individuals
Emolument band Nil to HK\$1,000,000	<b>4</b>	4

During the year ended 31 March 2016, no bonuses had been paid or receivable by any of the five highest paid individuals which are discretionary or are based on the Company's, the Group's or any member of the Group's performance (2015: Nil).

During the year ended 31 March 2016, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2015: Nil).

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 15. Property, Plant and Equipment

	Leasehold improvements HK\$'000	Computer equipment HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>At 1 April 2014</b>						
Cost	5,714	19,114	1,522	2,082	829	29,261
Accumulated depreciation	(1,915)	(16,538)	(1,263)	(1,035)	(355)	(21,106)
Net book amount	3,799	2,576	259	1,047	474	8,155
<b>Year ended 31 March 2015</b>						
Opening net book amount	3,799	2,576	259	1,047	474	8,155
Additions	18	1,475	30	89	—	1,612
Disposals	(8)	—	—	(1)	—	(9)
Depreciation	(1,320)	(959)	(94)	(224)	(105)	(2,702)
Exchange differences	—	1	—	2	1	4
Closing net book amount	2,489	3,093	195	913	370	7,060
<b>At 31 March 2015</b>						
Cost	5,457	9,032	1,170	2,171	829	18,659
Accumulated depreciation	(2,968)	(5,939)	(975)	(1,258)	(459)	(11,599)
Net book amount	2,489	3,093	195	913	370	7,060
<b>Year ended 31 March 2016</b>						
Opening net book amount	2,489	3,093	195	913	370	7,060
Additions	830	506	131	198	—	1,665
Disposals	—	(92)	—	(44)	—	(136)
Depreciation	(1,316)	(948)	(94)	(262)	(102)	(2,722)
Exchange differences	—	(16)	—	(8)	(15)	(39)
Closing net book amount	2,003	2,543	232	797	253	5,828
<b>At 31 March 2016</b>						
Cost	6,287	8,921	1,301	1,536	809	18,854
Accumulated depreciation	(4,284)	(6,378)	(1,069)	(739)	(556)	(13,026)
Net book amount	2,003	2,543	232	797	253	5,828

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 16. Investment Properties

	2016 HK\$'000	2015 HK\$'000
<b>Beginning of year</b>	<b>89,000</b>	89,000
Fair value gain	<b>100</b>	—
<b>End of year</b>	<b>89,100</b>	89,000

The Group's interests in investment properties at their net book values are analyzed as follows:

	2016 HK\$'000	2015 HK\$'000
Leases of between 10 to 50 years, held in:		
— Hong Kong	<b>58,200</b>	58,200
— The PRC	<b>30,900</b>	30,800
	<b>89,100</b>	89,000

The borrowing (*Note 26*) is secured by the above investment properties with carrying amount of approximately HK\$58,200,000 (2015: HK\$58,200,000).

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2016 HK\$'000	2015 HK\$'000
Not later than 1 year	<b>1,065</b>	1,587

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 16. Investment Properties (Continued)

The Group obtains independent valuations for its investment properties at least annually. In current year, the valuations are performed by Roma Appraisals Limited (“Roma”), an independent professionally qualified valuers. Roma has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations and confirms that the valuations conform with Hong Kong Institute of Surveyors Valuation Standards on Properties.

At the end of each reporting period, the directors of the Company update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors of the Company determine a property’s value within a range of reasonable fair value estimates.

Fair value of investment properties are generally derived using the direct comparison method. This valuation method is based on comparing the property to be valued directly with other comparable properties in close proximity, which have recently transacted. The most significant input into this valuation approach is price per square feet.

There has been no change from the valuation technique used in both years. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The valuation gain is included in “Other income and gains” in the consolidated income statement (*Note 6*).

The following tables present the investment properties of the Group carried at fair value by valuation method as at 31 March 2016 and 2015:

#### Fair value hierarchy

	Quoted prices in active markets for identified assets Level 1 HK\$’000	Significant other observable inputs Level 2 HK\$’000	Significant unobservable inputs Level 3 HK\$’000	Total HK\$’000
<b>2016</b>				
Recurring fair value measurements				
Investment properties:				
— Hong Kong	—	58,200	—	58,200
— The PRC	—	30,900	—	30,900
	—	89,100	—	89,100

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 16. Investment Properties (Continued) Fair value hierarchy (Continued)

	Quoted prices in active markets for identified assets Level 1 HK\$'000	Significant other observable inputs Level 2 HK\$'000	Significant unobservable inputs Level 3 HK\$'000	Total HK\$'000
<b>2015</b>				
Recurring fair value measurements				
Investment properties:				
— Hong Kong	—	58,200	—	58,200
— The PRC	—	30,800	—	30,800
	<u>—</u>	<u>89,000</u>	<u>—</u>	<u>89,000</u>

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers among Levels 1, 2 and 3 during the year.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 17. Intangible Asset

**Trading rights  
in the Stock  
Exchange  
and Hong Kong  
Futures  
Exchange Limited**  
HK\$'000

**At 1 April 2014, 31 March 2015 and 31 March 2016**

Cost and net book amount	950
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### 18. Statutory Deposits And Other Assets

	<b>2016 HK\$'000</b>	2015 HK\$'000
Hong Kong Securities and Futures Commission		
— Securities dealer deposit	<b>100</b>	100
— Commodity dealer deposit	<b>100</b>	100
The Stock Exchange of Hong Kong Limited		
— Compensation fund deposit	<b>50</b>	50
— Fidelity fund deposit	<b>50</b>	50
Hong Kong Securities Clearing Company Limited		
— Guarantee fund	<b>50</b>	50
— Admission fee	<b>50</b>	50
— Shanghai Hong Kong Connection Deposit	<b>251</b>	—
Stamp duty deposit	<b>5</b>	5
	<b>656</b>	405

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 19. General Information of Subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are set out below.

Name	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operations	Particulars of issued capital/ registered capital	Interest held
Finet Group (BVI) Limited	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of US\$1 each	100% (Direct)
China Finance Holdings Limited	Hong Kong, limited liability company	Provision of securities dealing referral services in Hong Kong	Ordinary HK\$5,000,000	100% (Direct)
Finet Group Technology (Shenzhen) Limited	PRC, wholly foreign owned enterprise	Provision of financial information services in the PRC	Registered and paid-up capital of HK\$11,000,000	100% (Direct)
Finet Holdings Limited	Hong Kong, limited liability company	Provision of financial information management and technology solutions, internet advertising and investment holding in Hong Kong	Ordinary HK\$68,990,025	100% (Indirect)
Finet News Services Limited	Hong Kong, limited liability company	Provision of financial information services in Hong Kong and the PRC and investment holding	Ordinary HK\$10,000	100% (Indirect)
China Hong Kong News Group Limited	Hong Kong, limited liability company	Investment holding	Ordinary HK\$10,000	100% (Indirect)
Finet Information Services Limited	Hong Kong, limited liability company	Investment holding	Ordinary HK\$2	100% (Indirect)
China Hong Kong Finance Group Limited	Hong Kong, limited liability company	Investment holding	Ordinary HK\$10,000	100% (Indirect)
Top 100 Hong Kong Company Limited	Hong Kong, limited liability company	Event hosting	Ordinary HK\$10,000	100% (Indirect)
Finet Finance Limited	Hong Kong, limited liability company	Money lending	Ordinary HK\$2	100% (Indirect)
Finet Asset Management Limited	Hong Kong, limited liability company	Inactive	Ordinary HK\$10,000	100% (Indirect)
Finet Corporate Finance Limited	Hong Kong, limited liability company	Inactive	Ordinary HK\$10,000	100% (Indirect)

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 19. General Information of Subsidiaries (Continued)

Details of the Group's subsidiaries at the end of the reporting period are set out below. (Continued)

Name	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operations	Particulars of issued capital/ registered capital	Interest held
Hong Kong Affairs Limited	Hong Kong, limited liability company	Data hosting	Ordinary HK\$10,000	100% (Indirect)
Finet Securities Limited	Hong Kong, limited liability company	Acting as dealer in securities and commodities and trading in securities and commodities	Ordinary HK\$33,000,000	100% (Direct)
Finet Job Limited	Hong Kong, limited liability company	Recruitment	Ordinary HK\$10,000	100% (Indirect)
Pink Angel Investments Limited	British Virgin Islands, limited liability company	Property investment	10,000 ordinary shares of US\$ 1 each	100% (Indirect)
財華金科網絡技術開發(深圳)有限公司	PRC, wholly foreign owned enterprise	Provision of financial information services in the PRC	Registered and paid-up capital of HK\$10,000,000	100% (Indirect)
深圳市財華智庫信息技術有限公司	PRC, limited liability company	Provision of financial information services in the PRC	Registered and paid-up capital of RMB1,000,000	100% (Indirect)
Finet New Media Limited	British Virgin Islands, limited liability company	Investment holding	2 ordinary shares of HK\$1 each	100% (Indirect)
Xian Dai TV Limited	Hong Kong, limited liability company	Media business	Ordinary HK\$18,000,000	50% (Indirect)
Xian Dai Communications Limited	Hong Kong, limited liability company	Financial public relationship business	Ordinary HK\$100	50% (Indirect)
FinTV Video Company Limited	Hong Kong, limited liability company	Video making	Ordinary HK\$10,000	50% (Indirect)
Xian Dai Creative Advertising Company Limited	Hong Kong, limited liability company	On-line and off-line advertising	Ordinary HK\$10,000	50% (Indirect)
XD Finance Limited	Hong Kong, limited liability company	Inactive	Ordinary HK\$50,000	100% (Direct)
FinTV e-commerce Limited	Hong Kong, limited liability company	Inactive	Ordinary HK\$50,000	50% (Indirect)
Finet Financial Services (Hong Kong) Company Limited	Hong Kong, limited liability company	Inactive	Ordinary HK\$50,000	100% (Direct)

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 19. General Information of Subsidiaries (Continued)

#### Amounts due from/(to) subsidiaries

The amounts due from/(to) subsidiaries as shown on the Company's statement of financial position and intra-group balances are unsecured, interest-free and repayable on demand.

In the opinion of the directors of the Company, the Group does not have any non-wholly owned subsidiaries with material non-controlling interests.

### 20. Available-for-sale Financial Assets

	2016 HK\$'000	2015 HK\$'000
<b>Beginning of year</b>	<b>295</b>	382
Net loss transfer to equity	<b>(186)</b>	(87)
<b>End of year</b>	<b>109</b>	295

Available-for-sale financial assets include the following:

	2016 HK\$'000	2015 HK\$'000
Equity securities listed in Japan	<b>109</b>	295
Market value of listed equity securities	<b>109</b>	295

Available-for-sale financial assets are denominated in Japanese Yen.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 20. Available-for-sale Financial Assets (Continued)

The following table presents the available-for-sale financial assets that are measured at fair value at 31 March 2016:

	Quoted prices in active markets for identified assets Level 1 HK\$'000	Significant other observable inputs Level 2 HK\$'000	Significant unobservable inputs Level 3 HK\$'000	Total HK\$'000
Available-for-sale financial assets	109	—	—	109

The following table presents the available-for-sale financial assets that are measured at fair value at 31 March 2015:

	Quoted prices in active markets for identified assets Level 1 HK\$'000	Significant other observable inputs Level 2 HK\$'000	Significant unobservable inputs Level 3 HK\$'000	Total HK\$'000
Available-for-sale financial assets	295	—	—	295

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 21. Accounts Receivable

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

Loans receivable are unsecured, interest-bearing at 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 HK\$'000	2015 HK\$'000
At the beginning of year	1,834	—
Provision for impairment loss	355	1,834
At the end of year	<u><u>2,189</u></u>	<u><u>1,834</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 2016, the aging analysis of the trade receivables are as follows:

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 21. Accounts Receivable (Continued)

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:

	2016 HK\$'000	2015 HK\$'000
Over 90 days	22	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:

	2016 HK\$'000	2015 HK\$'000
At the beginning of year	1,155	224
Reversal of impairment loss	(30)	—
Provision for impairment loss	50	931
Written off	(50)	—
At the end of year	1,125	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 HK\$'000	2015 HK\$'000
Hong Kong dollars	10,354	1,142
Renminbi	—	502
	10,354	1,644

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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 22. Prepayments, Deposits and Other Receivables

	2016 HK\$'000	2015 HK\$'000
Prepayments	1,930	1,779
Utility and other deposits	4,636	3,761
Other receivables	97	116
Amount due from a former director (Note (a))	—	4,661
Amounts due from former subsidiaries (Note (b))	—	8,995
	<b>6,663</b>	19,312
Less: provision of impairment loss	—	(14,181)
	<b>6,663</b>	5,131

Notes:

- (a) The amount due from a former director (Mr. George Yu) was unsecured, interest-free and repayable on demand. Management considered the amount due might not be recoverable and a full provision for impairment loss had been made in the year ended 31 March 2011. The Group has reached a final and confidential settlement agreement with Mr. George Yu regard discontinued the legal proceedings with each parties. Management considered the amount to be fully written off and the provision for impairment had been reversed during the year ended 31 March 2016.
- (b) The amounts due from former subsidiaries (namely, China Game & Digital Entertainment Limited and its subsidiaries) were unsecured, interest-free and repayable on demand. Management considered the amounts due might not be recoverable and a full provision for impairment had been made in the year ended 31 March 2011. Management considered the amount to be fully written off and the provision for impairment had been reversed during the year ended 31 March 2016.

### 23. Cash and Cash Equivalents

	2016 HK\$'000	2015 HK\$'000
Cash at banks and in hand	<b>25,718</b>	43,650

Cash at banks earns interest at floating rates based on daily bank deposit rates. Bank balances are deposited with credit worthy banks with no recent history of default.

At 31 March 2016, approximately 97% (2015: 81%) of the Group's bank balances and deposits are denominated in HK dollars and, Nil (2015: 1%) in United States dollars and 3% (2015: 18%) in Renminbi, Renminbi is not a freely convertible currency and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 24. Accounts Payable

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

### 25. Amount Due to a Related Company

As at 31 March 2016, the amount due was unsecured, interest-free and repayable on demand.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 26. Borrowing

	2016 HK\$'000	2015 HK\$'000
Secured bank loan — floating rates	<u>10,138</u>	<u>11,552</u>

At the end of the reporting period, the bank borrowing is repayable as follows:

Within 1 year	1,415	1,415
Between 1 and 2 years	1,415	1,415
Between 2 and 5 years	4,244	4,244
Over 5 years	<u>3,064</u>	<u>4,478</u>
	<u>10,138</u>	<u>11,552</u>

As at 31 March 2016, the borrowing amounted to approximately HK\$10,138,000 (2015: HK\$11,522,000) is classified as current liabilities because the related loan agreement contains a repayment on demand clause which gives the lender the unconditional right to call the loan at any time. This borrowing will mature in February 2023.

The borrowing was secured by certain investment properties of the Group (Note 16) and a limited guarantee at the amount of HK\$17,000,000 by the Company and a director of the Company respectively.

The contractual interest rates on the Group's floating rate bank loans are ranging from 3.7% (2015: 3.7%) per annum to 3.8% (2015: 4%) per annum.

The carrying amount of the bank borrowing is denominated in Hong Kong dollars.

### 27. Convertible Bonds

Convertible bonds at amortized costs:

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

	HK\$'000
Carrying amount as at 1 April 2015	—
Liability component on initial recognition	13,244
Interest charged (Note 8)	<u>686</u>
Carrying amount as at 31 March 2016	<u>13,930</u>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 27. Convertible Bonds (Continued)

On 25 July 2015, the Company entered into the subscription agreement with the subscriber namely Maxx Capital International Limited ("Maxx Capital"), 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 non-exempt 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.

During the year, 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 components. The equity component is presented in equity under the heading of "convertible bonds 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:

	HK\$'000
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)
Carrying amount as at 31 March 2016	<u>3,490</u>

The carrying amount and fair value of the convertible bonds are as follows:

	Carrying value		Fair value	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Convertible bonds	<u>13,930</u>	<u>—</u>	<u>13,821</u>	<u>—</u>

The fair value of the liability component of the convertible bonds at 31 March 2016 amounted to approximately HK\$13,821,000. The fair value is calculated using cash flows discounted at a rate based on the coupon rate of 3% and are within level 2 of the fair value hierarchy.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 28. Deferred Tax

The movement on the deferred income tax liabilities account are as follows:

	Convertible bonds HK\$'000	Revaluation of properties HK\$'000	Accelerated tax depreciation HK\$'000	Total HK\$'000
At 1 April 2014	—	9,845	94	9,939
Charge to the consolidated income statement	—	—	19	19
At 31 March 2015 and 1 April 2015	—	9,845	113	9,958
(Credit)/charge to the consolidated income statement	(113)	60	19	(34)
Recognition of equity component of convertible bonds	690	—	—	690
At 31 March 2016	<b>577</b>	<b>9,905</b>	<b>132</b>	<b>10,614</b>

Deferred tax assets are recognized for tax losses carried forward to the extent that realization of the related tax benefit through future taxable profit is probable. No deferred tax assets are recognized in the Group's consolidated financial statements as it is uncertain as to whether these tax benefits will be utilized in the foreseeable future. The tax losses arising from subsidiaries operating in Hong Kong are subject to approval by the Inland Revenue Department of Hong Kong.

Pursuant to the relevant laws and regulations in the PRC, the Group has deferred tax assets not recognized on unused tax losses approximately HK\$9,536,000 (31 March 2015: HK\$7,824,000) arose in the PRC to carry forward to set off against future taxable income which will expire within 1 to 5 years from each of the financial year end date.

### 29. Share Capital

	2016		2015	
	Number of shares	Amount (HK\$'000)	Number of shares	Amount (HK\$'000)
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>15,000,000,000</b>	<b>150,000</b>	15,000,000,000	150,000
Issued and fully paid: At the beginning of year	440,818,880	4,408	440,818,880	4,408
Conversion of unlisted warrants	24,600,000	246	—	—
<b>At the end of year</b>	<b>465,418,880</b>	<b>4,654</b>	440,818,880	4,408

Note:

During the year ended 31 March 2016, two registered warrant holders exercised their rights to subscribe for a total of 24,600,000 ordinary shares in 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 30. Share-Based Employee Compensation

#### Share Option Scheme

The Company adopted a share option scheme (the “Old Share Option Scheme”) on 16 December 2004. The Old Share Option Scheme is a share incentive scheme and is established to recognize and acknowledge the contributions which the eligible participants thereunder have made or may make to the Group. The Old Share Option Scheme is aimed to provide the eligible participants with the opportunity to own a personal stake in the Company with a view to achieving the objectives of motivating the eligible participants and attracting/or and retaining or otherwise maintaining on-going relationship with the eligible participants whose contributions are, will be or are likely to be beneficial to the long term growth of the Group. The Old Share Option Scheme expired on 15 December 2014.

#### *New Share Option Scheme*

In August 2014, the Board proposed to adopt a new share option scheme (the “New Share Option Scheme”) to enable the continuity of the Old Share Option Scheme of the Company and to simultaneously terminate the operation of the Old Share Option Scheme. The Company does not maintain any share option scheme other than the Old Share Option Scheme. The Old Share Option Scheme shall be terminated and expired upon the adoption of the New Share Option Scheme although all outstanding options granted under the Old Share Option Scheme shall continue to be valid and exercisable in accordance with the Old Share Option Scheme.

The purpose of the New Share Option Scheme is to provide incentives and rewards to the eligible participants as defined thereunder (the “Eligible Participants”) who contribute to the success of the Group’s operations. There are no share options issued under the New Share Option Scheme. The Board is of the view that the eligible Participants are persons who may contribute to the growth and development of the Group through their services or investments. Whether the Board will grant any share options under the New Share Option Scheme (the “Option”) to any of the eligible participants depends on many factors such as their interest in the shares of the Company, their business/working relationship with the Group, and their contribution that has or may have made to the Group, etc. The general principle is the same for all Eligible Participants.

There are no options issued under the New Share Option Scheme.

The rules of the New Share Option Scheme provide that the Company may specify certain Eligible Participants to whom Options shall be granted, the number of Shares of the Company subject to each Option and the date on which the Options shall be granted. The basis for determining the subscription price is also specified precisely in the rules of the New Share Option Scheme. There is no performance target specified in the New Share Option Scheme though the Board may specify such performance target at the time of grant. The directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage the Eligible Participants to acquire proprietary interests in the Company.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 30. Share-Based Employee Compensation (Continued)

#### Share Option Scheme (Continued)

##### *New Share Option Scheme (Continued)*

The maximum number of shares issued and to be issued upon exercise of the Options granted to each Eligible Participant under the New Share Option Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at the date of grant. Any further grant of share options to any Eligible Participant in excess of this limit is subject to shareholders' approval in a general meeting. The total number of shares which may be issued upon exercise of all share options to be granted under this scheme and any other share option scheme of the Company must not, in aggregate, exceed 10% of the shares in issue of the Company (the "10% General Limit") as at the date of approval of the New Share Option Scheme. The Company may seek approval from its shareholders in a general meeting to refresh the 10% General Limit at any time in accordance with the GEM Listing Rules.

The 10% General Limit has been refreshed at the annual general meeting of the Company held on 4 August 2015 ("2015 AGM"), and hence the 10% General Limit as at 31 March 2016 is 44,081,888 shares of HK\$0.01 each being 10% of the number of shares in issue as at the date of the 2015 AGM of the Company of 440,818,880 shares of HK\$0.01 each.

The overall limit on the number of shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other Scheme of the Company must not exceed 30% of the shares in issue from time to time.

Share options granted to directors, chief executive, or substantial shareholders of the Company, or any of their respective associates, are subject to the approval of the independent non-executive Directors (excluding any independent non-executive director who is a grantee of the share options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, which would result in the shares issued or to be issued upon exercise of all Options already granted or to be granted in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK\$5 million, within a 12-month period, are subject to the shareholders' approval in a general meeting in accordance with the GEM Listing Rules.

The grant of share options is effective upon receipt of the acceptance of the offer in writing duly signed by the Eligible Participant together with a payment of a nominal consideration of HK\$1 in total.

An offer shall remain open for acceptance by an Eligible Participant for a period of 21 days from the date of such offer.

The exercise price of the share options is determinable by the Board of the Company, but may not be less than the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the share options, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the share options; and (iii) the nominal value of the Company's shares as on the date of grant of the share options.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 30. Share-Based Employee Compensation (Continued)

#### Share Option Scheme (Continued)

The following table discloses movements of the share options granted under the Old Share Option Scheme during the year ended 31 March 2016:

Grantee	Date of grant	Adjusted exercise price	Exercise period	Outstanding as at 1 April 2015	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Outstanding as at 31 March 2016
<b>Old Share Option Scheme:</b>								
<b>Executive Directors</b>								
Mr. CHOW Wing Chau	30 September 2011	HK\$0.4900	Note 1	125,000	—	—	(125,000) <sup>^</sup>	—
	3 January 2014	HK\$0.5000	Note 2	500,000	—	—	—	500,000
Mr. YIU Wing Hei	30 September 2011	HK\$0.4900	Note 1	125,000	—	—	(125,000) <sup>^</sup>	—
Sub-total				750,000	—	—	(250,000)	500,000
<b>Employee</b>								
	30 September 2011	HK\$0.4900	Note 1	250,000	—	—	(250,000) <sup>^</sup>	—
	3 January 2014	HK\$0.5000	Note 2	1,000,000	—	—	(1,000,000) <sup>#</sup>	—
<b>Employee</b>	30 September 2011	HK\$0.4900	Note 1	250,000	—	—	(250,000) <sup>^</sup>	—
	3 January 2014	HK\$0.5000	Note 2	1,000,000	—	—	—	1,000,000
Sub-total				2,500,000	—	—	(1,500,000)	1,000,000
Total				3,250,000	—	—	(1,750,000)	1,500,000
Weighted average exercise price				HK\$0.4977	N/A	N/A	HK\$0.4957	HK\$0.5000

# The 1,000,000 share options granted under the Old Share Options Scheme lapsed or cancelled upon the resignation of an employee of the Group.

<sup>^</sup> The 750,000 share options granted under the Old Share Options Scheme lapsed upon the expiry of eligible period for exercise of options concerned.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 30. Share-Based Employee Compensation (Continued)

#### Share Option Scheme (Continued)

The following table discloses movements of the share options granted under the Old Share Option Scheme during the year ended 31 March 2015:

Grantee	Date of grant	Adjusted exercise price	Exercise period	Outstanding as at 1 April 2014	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Outstanding as at 31 March 2015
<b>Old Share Option Scheme:</b>								
<b>Executive Directors</b>								
Mr. CHOW Wing Chau	30 September 2011	HK\$0.4900	Note 1	375,000	—	—	(250,000) <sup>^</sup>	125,000
	3 January 2014	HK\$0.5000	Note 2	500,000	—	—	—	500,000
Mr. YIU Wing Hei	30 September 2011	HK\$0.4900	Note 1	375,000	—	—	(250,000) <sup>^</sup>	125,000
Sub-total				1,250,000	—	—	(500,000)	750,000
<b>Employee</b>								
	30 September 2011	HK\$0.4900	Note 1	750,000	—	—	(500,000) <sup>^</sup>	250,000
	3 January 2014	HK\$0.5000	Note 2	1,000,000	—	—	—	1,000,000
<b>Employee</b>								
	30 September 2011	HK\$0.4900	Note 1	750,000	—	—	(500,000) <sup>^</sup>	250,000
	3 January 2014	HK\$0.5000	Note 2	1,000,000	—	—	—	1,000,000
<b>Employee</b>								
	3 January 2014	HK\$0.5000	Note 1	1,000,000	—	—	(1,000,000) <sup>#</sup>	—
<b>Employee</b>								
	3 January 2014	HK\$0.5000	Note 1	500,000	—	—	(500,000) <sup>#</sup>	—
Sub-total				5,000,000	—	—	(2,500,000)	2,500,000
Total				6,250,000	—	—	(3,000,000)	3,250,000
Weighted average exercise price				HK\$0.4964	N/A	N/A	HK\$0.4950	HK\$0.4977

<sup>^</sup> The 1,500,000 share options granted under the Old Share Options Scheme lapsed or cancelled upon the resignation of employees of the Group.

<sup>#</sup> The 1,500,000 share options granted under the Old Share Options Scheme lapsed upon the expiry of eligible period for exercise of options concerned.

The exercise price in respect of any share options, shall subject to any adjustments in the event of any alteration in the capital structure of the Company whilst any share option remains exercisable or this scheme remains in effect. The exercise of any share option shall be subject to the shareholders in the general meeting approving any necessary increase in the authorized share capital of the Company.

The fair value of options granted on 30 September 2011 ("Option 1") was determined by using the Binomial options-pricing model at the date of grant; no subsequent revaluation at the year ended is required. The significant inputs into the model were closing share price of HK\$0.49 at the grant date, exercise price of HK\$0.49, volatilities ranging from 94% to 96%, dividend yield of nil, expected option lives ranging from 1 to 2 years, and annual risk-free interest rates ranging from 0.19% to 0.55%.

The fair value of options granted on 3 January 2014 ("Option 2") was using the Binomial options-pricing model at the date of grant; no subsequent revaluation at the year ended is required. The significant inputs into the model were closing share price of HK\$0.50 at the grant date, exercise price of HK\$0.50, volatility of 73.88%, dividend yield of nil, expected option lives ranging from 2 to 3 years, and annual risk-free interest of 2.34%.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 30. Share-Based Employee Compensation (Continued)

#### Share Option Scheme (Continued)

The total expense recognized in the consolidated income statement for share options granted to directors of the Company and employees was disclosed in note 12.

Notes:

1. For share options granted on 30 September 2011.

Validity period: The outstanding share options are exercisable for a period of two years commencing from the end of the respective vesting period in the manner as stated below.

		<b>As at 31 March 2016</b>	As at 31 March 2015
Vesting period:	6 months after 30 September 2011:	<b>lapsed</b>	lapsed
	12 months after 30 September 2011:	<b>lapsed</b>	lapsed
	18 months after 30 September 2011:	<b>lapsed</b>	lapsed
	24 months after 30 September 2011:	<b>lapsed</b>	25%

2. For Share options granted on 3 January 2014

Validity period: The outstanding share options are exercisable for a period of ten years commencing from the end of the respective vesting period in the manner as stated below.

Vesting period:	6 months after 3 January 2014:	<b>50%</b>	50%
	12 months after 3 January 2014:	<b>50%</b>	50%

During the year ended 31 March 2016, no employees share-based compensation (2015: HK\$617,000) has been included in the consolidated income statement with a corresponding credit to the employee compensation reserve.

At 31 March 2016, the Company had 1,500,000 (2015: 3,250,000) share options outstanding under the Old Share Option Scheme.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 31. Commitments

#### The Group as lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to two years.

The future aggregate minimum lease payments under non-cancelable operating leases are as follows:

	2016 HK\$'000	2015 HK\$'000
No later than 1 year	7,254	2,283
Later than 1 year and no later than 5 years	1,060	1,804
	<u>8,314</u>	<u>4,087</u>

The Company had no significant operating lease commitment as at 31 March 2016 and 2015.

### 32. 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 33. Significant Related Parties Transactions

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group had the following significant related parties transactions during the year:

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

*Notes:*

- (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 is beneficially owned by Ms. LO Yuk Yee, 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 (2015: HK\$2,896,000).

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 34. Statement of financial position and reserves of the Company

	2016 HK\$'000	2015 HK\$'000
<b>Non-current assets</b>		
Property, plant and equipment	44	177
Investment properties	30,900	30,800
Investments in subsidiaries	31,791	31,701
Available-for-sale financial assets	109	295
	<u>62,844</u>	<u>62,973</u>
<b>Current assets</b>		
Amounts due from subsidiaries	45,196	24,620
Prepayments, deposits and other receivables	816	848
Cash and cash equivalents	160	3,527
	<u>46,172</u>	<u>28,995</u>
<b>Total assets</b>	<u>109,016</u>	<u>91,968</u>
<b>Current liabilities</b>		
Accruals and other payables	2,349	343
Amounts due to subsidiaries	2,741	12,394
	<u>5,090</u>	<u>12,737</u>
<b>Net current assets</b>	<u>41,082</u>	<u>16,258</u>
<b>Total assets less current liabilities</b>	<u>103,926</u>	<u>79,231</u>
<b>Non-current liabilities</b>		
Convertible bonds	13,930	—
Deferred tax liabilities	10,482	9,845
	<u>24,412</u>	<u>9,845</u>
<b>Net assets</b>	<u>79,514</u>	<u>69,386</u>
<b>Equity</b>		
<b>Capital and reserves attributable to owners of the Company</b>		
Share capital	4,654	4,408
Reserves	74,860	64,978
	<u>79,514</u>	<u>69,386</u>
<b>Total equity</b>	<u>79,514</u>	<u>69,386</u>

LO Yuk Yee  
Director

CHOW Wing Chau  
Director

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

### 34. Statement of financial position and reserves of the Company (Continued)

	Share premium HK\$'000	Employee compensation reserve HK\$'000	Convertible bonds equity component HK\$'000	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Warrants reserve HK\$'000	Accumulated losses HK\$'000	Total reserves HK\$'000
<b>Balance at 1 April 2014</b>	223,509	993	—	9,989	(992)	1,763	(157,237)	78,025
<b>Comprehensive expense</b>								
Loss for the year	—	—	—	—	—	—	(14,656)	(14,656)
<b>Other comprehensive income</b>								
Fair value loss on available-for-sale financial assets	—	—	—	—	(87)	—	—	(87)
Reclassification adjustment upon impairment of available-for-sale financial assets	—	—	—	—	1,079	—	—	1,079
<b>Total comprehensive income/(expense)</b>	—	—	—	—	992	—	(14,656)	(13,664)
<b>Transactions with owners</b>								
Share options lapsed during the year	—	(431)	—	—	—	—	431	—
Employee share-based compensation	—	617	—	—	—	—	—	617
<b>Total transactions with owners</b>	—	186	—	—	—	—	431	617
<b>Balance at 31 March 2015 and 1 April 2015</b>	223,509	1,179	—	9,989	—	1,763	(171,462)	64,978
<b>Comprehensive expense</b>								
Loss for the year	—	—	—	—	—	—	(3,251)	(3,251)
<b>Other comprehensive expense</b>								
Fair value loss on available-for-sale financial assets	—	—	—	—	(186)	—	—	—
Reclassification adjustment upon impairment of available-for-sale financial assets	—	—	—	—	186	—	—	—
<b>Total comprehensive expense</b>	—	—	—	—	—	—	(3,251)	(3,251)
<b>Transactions with owners</b>								
Share options lapsed during the year	—	(786)	—	—	—	—	786	—
Issue of shares upon exercise of unlisted warrants	10,135	—	—	—	—	(492)	—	9,643
Issue of convertible bonds	—	—	4,180	—	—	—	—	4,180
Deferred tax liability on recognition of equity component of convertible bonds	—	—	(690)	—	—	—	—	(690)
<b>Total transactions with owners</b>	10,135	(786)	3,490	—	—	(492)	786	13,133
<b>Balance at 31 March 2016</b>	<b>233,644</b>	<b>393</b>	<b>3,490</b>	<b>9,989</b>	<b>—</b>	<b>1,271</b>	<b>(173,928)</b>	<b>74,860</b>

## Financial Summary

	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000 (restated)
<b>RESULTS</b>					
Revenue	<b>11,183</b>	19,292	23,880	29,491	27,167
Operating (loss)/profit	<b>(39,519)</b>	(38,790)	(20,616)	27,417	(19,000)
Finance costs	<b>(1,093)</b>	(458)	(595)	(722)	(397)
(Loss)/profit for the year	<b>(40,732)</b>	(39,420)	(22,294)	25,595	(20,553)
(Loss)/earnings per share					
— Basic (in HK cent)	<b>(8)</b>	(8)	(4)	6	(6)
— Diluted (in HK cent)	<b>(8)</b>	(8)	(4)	6	(6)
<b>ASSETS AND LIABILITIES</b>					
Non-current assets	<b>96,643</b>	97,710	98,892	92,272	88,772
Current assets	<b>43,662</b>	51,818	84,533	115,706	96,330
Current liabilities	<b>29,242</b>	26,089	27,083	29,055	36,984
Non-current liabilities	<b>24,544</b>	9,958	9,939	10,946	10,333
Net assets	<b>86,519</b>	113,481	146,403	167,977	137,785

## Properties Held by the Group

Particulars of the Group's investment properties are as follows:

No	Property	Type	Group's effective holding	Gross area (approximately square feet)	Lease term
1	12A03 and 12A04, Anlian Plaza, Junction of Jintian Road and Fuzhong San Road, Futian District, Shenzhen City, Guangdong Province, the People's Republic of China	Commercial	100%	5,325 sq. ft.	Medium term lease with 50 years commencing on 23 January 2002 and expiring on 22 January 2052
2	Units 901 and 920 on 9th Floor, China Merchants Tower, Shun Tak Centre, Nos. 168–200 Connaught Road Central, Hong Kong	Commercial	100%	1,940 sq. ft.	Long term lease with 75 years renewable for 75 Years commencing on 31 December 1980