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FINET GROUP LIMITED
財華社集團有限公司

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

(Stock Code: 8317)

SUPPLEMENTAL ANNOUNCEMENT
TO ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2017

This announcement is made pursuant to Rule 18.41(4) of the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (“GEM Listing Rules”).

Reference is made to the annual results announcement of Finet Group Limited (“Company”, together with its subsidiaries, the “Group”) dated 26 June 2017 (the “Annual Results Announcement”) and the annual report of the Company for the year ended 31 March 2017 (the “Annual Report”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Annual Report.

The board (“Board”) of directors (“Directors”) of the Company wishes to inform its shareholders (“Shareholders”) and potential investors additional information to the Annual Report relating to the financial assets at fair value through profit and loss, which is disclosed under note 23 to the consolidated financial statements of the Annual Report. As of 31 March 2017, the Group held financial assets at fair value through profit or loss of approximately HK\$10,400,000 (2016: Nil) representing highly liquid equity securities listed in the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The equity investment as of 31 March 2017 consists solely of 20,000,000 shares of equity securities of Daisho Microline Holdings Limited (SEHK: 567) which were acquired through placement during the year ended 31 March 2017. The investment represented approximately 3.47% of shareholding in Daisho Microline Holdings Limited. As at 31 March 2017, based on the fair value of HK\$0.52 per share, the fair value and carrying amount of the equity investment was approximately HK\$10,400,000. The Group had an

unrealized gain on financial assets at fair value through profit or loss (equity investment in Daisho Microline Holdings Limited) of approximately HK\$400,000 for the year ended 31 March 2017 (2016: Nil).

In addition, the Group has acquired 8,000,000 equity shares of Prosper Construction Holdings Limited (SEHK: 6816) at HK\$1 per share through placement during the year ended 31 March 2017. Prosper Construction Holdings Limited is listed in the Stock Exchange. This investment represented 1% of the shareholding in Prosper Construction Holdings Limited. The shares have been fully disposed during the financial year resulting a realized gain of approximately HK\$299,000 (2016: Realized gain of approximately HK\$42,000 from disposal of equity securities of another investee).

Set out below is a breakdown of the significant investments of the Group as at 31 March 2017 and 31 December 2017:

(Unaudited)	(Audited)
As at	As at
31 December	31 March
2017	2017
<i>HK\$</i>	<i>HK\$</i>

Current assets

Financial assets at fair value through profit or loss

— Daisho Microline Holdings
Limited (SEHK: 0567)

<u>3,750,000</u>	<u>10,400,000</u>
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As at 31 March 2017

	Number of shares held as at 31 March 2017	Percentage of shareholding as at 31 March 2017	Investment		Realised gain for the year ended 31 March 2017	Unrealised gain for the year ended 31 March 2017	Net gain for the year ended 31 March 2017	Percentage to	
			Investment cost during the year ended 31 March 2017	disposal of shares during the year ended 31 March 2017				Fair value as at 31 March 2017	the Group's total assets as at 31 March 2017
Prosper Construction Holdings Limited (SEHK: 6816)	—	—	8,000,000	(8,000,000)	299,000	—	299,000	—	—
Daisho Microline Holdings Limited (SEHK: 0567)	20,000,000	3.47%	10,000,000	—	—	400,000	400,000	10,400,000	5.06%
			<u>18,000,000</u>	<u>(8,000,000)</u>	<u>299,000</u>	<u>400,000</u>	<u>699,000</u>	<u>10,400,000</u>	<u>5.06%</u>

As at 31 December 2017

	Number of shares held as at 31 December 2017	Percentage of shareholding as at 31 December 2017	Fair value as at 31 March 2017 <i>HK\$</i>	Investment cost of disposal of shares during the period ended 31 December 2017 <i>HK\$</i>	Realised gain for the period ended 31 December 2017 <i>HK\$</i>	Unrealised loss for the period ended 31 December 2017 <i>HK\$</i>	Net loss for the period ended 31 December 2017 <i>HK\$</i>	Percentage to the Group's total assets	
								Fair value as at 31 December 2017 <i>HK\$</i>	as at 31 December 2017 <i>HK\$</i>
Financial assets at fair value through profit or loss									
Daisho Microline Holdings Limited (SEHK: 0567)	12,500,000	2.17%	10,400,000	(3,750,000)	225,000*	(2,900,000)	(2,675,000)	3,750,000	2.54%

* The Group recorded a realised gain on the financial assets at fair value through profit or loss of approximately HK\$225,000 for the period ended 31 December 2017 by the disposal of 7,500,000 shares of equity securities in Daisho Microline Holdings Limited at selling price of \$0.53 per share, comparing with the acquisition cost of \$0.50 per share.

The Company may record additional unrealised fair value losses on its financial assets at fair value through profit or loss. The Company is in the process of finalising the annual results of the Group for the year ended 31 March 2018. Details of the Group's financial information and performance will be disclosed when the Group's annual results for the year ended 31 March 2018 are announced.

The Company do not have any management or operational role, responsibilities or rights in Daisho Microline Holdings Limited, nor the Company is subject to any funding obligations (either in respect of capital funding or bearing of losses) in relation to Daisho Microline Holdings Limited and its subsidiaries.

PERFORMANCE AND PROSPECTS OF THE FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Daisho Microline Holdings Limited

Daisho Microline Holdings Limited (“**Daisho Microline**”) and its subsidiaries (the “**Daisho Microline Group**”) are principally engaged in investment holding, the manufacturing and trading of printed circuit boards (“**PCB**”) and the trading business of petrochemical products as well as petroleum and energy products.

Pursuant to the annual report of Daisho Microline for the year ended 31 March 2017, the Daisho Microline Group's revenue for the year ended 31 March 2017 was approximately HK\$170 million. The Daisho Microline Group's net loss for the year ended 31 March 2017 was approximately HK\$51 million.

The Daisho Microline Group has taken various measures to confront the challenge in the highly competitive business environment in the PCB business, including various cost-savings and quality improvement measures so as to remain competitiveness. The Daisho Microline Group has also adopted strategic pricing policy and proactive marketing approach so as to canvass for new sales orders from both existing and potential customers. The manufacturing process has been reviewed to improve efficiency, automation, minimise labour cost and to enhance the Daisho Microline Group's overall competitiveness in the market. In addition, in order to better deploy the Daisho Microline Group's financial resources and minimise its exposure to foreign exchange risks, significant portion of the secured bank borrowings has been repaid.

In order to realise business diversification, the Daisho Microline Group has undertaken the business of trading of petrochemical products as well as petroleum and energy products (the "Trading") by itself with the help of newly recruited experts in this field so as to provide stable income source and cash inflow for the Daisho Microline Group gradually. Under the Trading business, the Daisho Microline Group will source petroleum related products from a variety of suppliers for buyers or vice versa as per the specific requirements of the suppliers or the buyers (as the case may be) on a case-by-case basis.

Pursuant to the interim report of Daisho Microline for the period ended 30 September 2017, the Daisho Microline Group's total revenue was approximately HK\$179 million, the Daisho Microline Group's net loss for the period ended 30 September 2017 was approximately HK\$16 million. Operating environment remains challenging during the six months ended 30 September 2017 for PCB segment. The Daisho Microline Group's sale team will continuously maintain the Daisho Microline Group's well-established business relationship with core customers, and seek new customers to increase more market share and reduce the customer dependency on important customers of the Daisho Microline Group. The Daisho Microline Group is in the progress of further upgrading its production facilities, enhancing the measurement on the products quality control and streamlining the production process and modifying the existing pricing policy in order to optimize product performance, so as to enhance the Daisho Microline Group's competitiveness and satisfy customer's demands.

For the trading of petroleum and energy products and related business segment, the Daisho Microline Group has commenced to operate in the trading of petroleum and energy products and related business in June 2017, being a new business segment to the Daisho Microline Group. The Daisho Microline Group will be benefited from diversifying its revenue stream which is expected to increase its shareholders' value and benefit Daisho Microline and its shareholders as a whole.

Save as disclosed in this announcement and the Annual Report, there was no significant investment held, material acquisition or disposal of subsidiaries and affiliated companies and no other plan for material investment or capital assets for during the year ended 31 March 2017.

The additional information above does not affect other information contained in the Annual Results Announcement and Annual Report, and the contents of the Annual Results Announcement and Annual Report remain unchanged.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

By Order of the Board
LO Yuk Yee
Chairman and Executive Director

Hong Kong, 9 March 2018

As at the date of this announcement, the executive Directors are Ms. Lo Yuk Yee, Mr. Chow Wing Chau and Mr. Yiu Wing Hei; and the independent non-executive Directors are Mr. Wong Wai Kin, Mr. Siu Siu Ling, Robert and Mr. Leung Chi Hung.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at <http://www.hkgem.com> for a minimum period of seven days from the date of its publication and on the website of the Company at www.finet.hk.