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財華社
FINET

FINET GROUP LIMITED

財華社集團有限公司

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

(Stock code: 08317)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

RESULTS HIGHLIGHTS

- The Group reported a turnover of approximately HK\$18.8 million for the year ended 31 March 2018, representing an increase of approximately 74.1% from approximately HK\$10.8 million of last year.
- The consolidated loss attributable to owners of the Company for the year ended 31 March 2018 was approximately HK\$35.8 million.
- The board of Directors does not recommend the payment of dividend for the year ended 31 March 2018.

ANNUAL RESULTS

The board of Directors (the “Board”) is pleased to present the consolidated results of the Group for the year ended 31 March 2018, together with the comparative figures for the corresponding period in 2017 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2018

	Notes	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Revenue	3	18,774	10,766
Cost of sales		<u>(2,726)</u>	<u>(3,066)</u>
Gross profit		16,048	7,700
Other income and other losses	5	4,123	22,437
Selling and marketing expenses		(137)	(145)
General and administrative expenses		(46,523)	(53,780)
Finance costs	6	<u>(7,035)</u>	<u>(9,639)</u>
Loss before income tax	7	(33,524)	(33,427)
Income tax (expense)/credit	8	<u>(3,344)</u>	<u>1,280</u>
Loss for the year		<u>(36,868)</u>	<u>(32,147)</u>
Loss attributable to:			
— Owners of the Company		(35,814)	(29,122)
— Non-controlling interests		<u>(1,054)</u>	<u>(3,025)</u>
		<u>(36,868)</u>	<u>(32,147)</u>
Loss per share for loss attributable to owners of the Company during the year			
— Basic and diluted (<i>HK dollar per share</i>)	10	<u>(0.06)</u>	<u>(0.06)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Loss for the year	(36,868)	(32,147)
Other comprehensive income/(expense) for the year, net of tax:		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	<u>1,856</u>	<u>(1,863)</u>
Total comprehensive expense for the year	<u>(35,012)</u>	<u>(34,010)</u>
Total comprehensive expense for the year, attributable to:		
— Owners of the Company	(33,958)	(30,985)
— Non-controlling interests	<u>(1,054)</u>	<u>(3,025)</u>
	<u>(35,012)</u>	<u>(34,010)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	<i>Notes</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		58,561	6,680
Investment properties		32,500	98,800
Intangible assets		950	950
Statutory deposits and other assets		656	656
		92,667	107,086
Current assets			
Accounts receivable	11	14,329	18,072
Prepayment, deposits and other receivables		10,335	13,027
Financial assets at fair value through profit or loss		5,813	10,400
Amounts due from related companies		2,186	—
Client trust bank balances		126	129
Cash and cash equivalents		20,331	57,016
		53,120	98,644
Total assets		145,787	205,730
Current liabilities			
Accounts payable	12	2,036	1,668
Accruals and other payables		11,216	14,173
Deferred income		693	480
Amount due to a related company		—	881
Borrowing — due within one year		16,846	26,667
Tax payables		257	—
		31,048	43,869
Net current assets		22,072	54,775
Total assets less current liabilities		114,739	161,861

		2018	2017
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Convertible bonds		—	62,858
Deferred tax liabilities		<u>11,287</u>	<u>11,125</u>
		<u>11,287</u>	<u>73,983</u>
Net assets		<u>103,452</u>	<u>87,878</u>
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	13	6,665	5,290
Reserves		<u>106,064</u>	<u>90,811</u>
		112,729	96,101
Non-controlling interests		<u>(9,277)</u>	<u>(8,223)</u>
Total equity		<u>103,452</u>	<u>87,878</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The annual results set out in this announcement do not constitute the Group's financial statements for the year ended 31 March 2018 but are extract from those financial statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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 which is carried at fair value.

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

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 April 2017:

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to HKFRS 12	<i>Disclosure of Interests in Other Entities</i>

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative for the prior year. Apart from the additional disclosure, the application of these amendments has had no impact on the Group's consolidated financial statements.

(b) *New standards and interpretations not yet adopted*

The following are new standards and amendments to existing standards that have been published and are mandatory for the Group's accounting periods on or after 1 April 2018 or later period, but have not been early adopted by the Group.

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers and the related Amendments ¹
HKFRS 16	Leases ²
HKFRS 17	Insurance Contracts ⁴
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement ²
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ²
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle ¹
Amendments to HKAS 40	Transfers of Investment Property ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle ²

¹ Effective for annual periods beginning on or after 1 January 2018.

² Effective for annual periods beginning on or after 1 January 2019.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 January 2021.

3. REVENUE

Revenue recognized during the year is as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Service income from provision of financial information service	1,072	1,261
Advertising and investor relationship service income	14,659	6,007
Brokerage commission and service income from securities and futures business	5	7
Loan interest income	1,055	1,798
Rental income from investment properties	1,983	1,693
	<u>18,774</u>	<u>10,766</u>

4. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Company (the “Executive Directors”). The Executive Directors have reviewed the Group’s internal reports in order to assess the performance and allocate resources; they have also determined the operating segments based on these reports. The Executive Directors have further considered the business from product perspective and have assessed the performance of four business segments: (i) financial information, advertising and investor relationship service business, (ii) securities and futures business, (iii) money lending business and (iv) property investment business.

At 31 March 2018, the Group is organized into four operating segments:

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

The segment results for the year ended 31 March 2018 are as follows:

	Financial information, advertising and investor relationship service business HK\$'000	Securities and futures business HK\$'000	Money lending business HK\$'000	Property investment business HK\$'000	Group HK\$'000
Gross revenue	16,776	5	1,055	1,983	19,819
Inter-segment revenue	(1,045)	—	—	—	(1,045)
Revenue from external customers	15,731	5	1,055	1,983	18,774
Segment results	(29,563)	(4,241)	2,822	4,525	(26,457)
Loss on early redemption of convertible bonds					(32)
Finance costs					(7,035)
Loss before income tax					(33,524)
Income tax expense					(3,344)
Loss for the year					(36,868)
Other segment items included in the consolidated income statement are as follows:					
Provision for impairment loss of trade receivables	(72)	—	—	—	(72)
Reversal on provision for impairment loss of loan receivables	—	—	2,802	—	2,802
Fair value change on financial assets at fair value through profit or loss	—	(612)	—	—	(612)
Fair value gain on investment properties	—	—	—	1,700	1,700
Depreciation of property, plant and equipment	(3,261)	(33)	—	(32)	(3,326)
Loss on disposal of a subsidiary	—	—	—	(499)	(499)

The segment results for the year ended 31 March 2017 are as follows:

	Financial information, advertising and investor relationship service business <i>HK\$'000</i>	Securities and futures business <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Property investment business <i>HK\$'000</i>	Group <i>HK\$'000</i>
Gross revenue	7,412	7	1,798	1,693	10,910
Inter-segment revenue	(144)	—	—	—	(144)
Revenue from external customers	<u>7,268</u>	<u>7</u>	<u>1,798</u>	<u>1,693</u>	<u>10,766</u>
Segment results	(29,944)	(820)	1,234	5,742	(23,788)
Finance costs					<u>(9,639)</u>
Loss before income tax					(33,427)
Income tax credit					<u>1,280</u>
Loss for the year					<u><u>(32,147)</u></u>

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

Provision for impairment loss of loans receivables	—	—	(613)	—	(613)
Provision for impairment loss of other receivables	(8,779)	—	—	—	(8,779)
Impairment loss of available-for-sale financial assets	—	—	—	(109)	(109)
Fair value change on financial assets at fair value through profit or loss	—	699	—	—	699
Fair value gain on investment properties	—	—	—	9,700	9,700
Depreciation of property, plant and equipment	(2,399)	(39)	—	(170)	(2,608)
Gain on disposal of subsidiaries	<u>8,144</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,144</u>

Segment assets consist primarily of property, plant and equipment, investment properties, intangible assets, available-for-sale financial assets, accounts receivable, prepayment, deposits and other receivables, financial assets at fair value through profit or loss, client trust bank balances and cash and cash equivalents. Segment liabilities comprise operating liabilities.

Capital expenditure comprises additions to property, plant and equipment, investment properties, intangible assets and statutory deposits and other assets.

The segment assets and liabilities at 31 March 2018 and capital expenditure for the year then ended are as follows:

	Financial information, advertising and investor relationship service business HK\$'000	Securities and futures business HK\$'000	Money lending business HK\$'000	Property investment business HK\$'000	Group HK\$'000
Assets	<u>81,838</u>	<u>13,427</u>	<u>16,764</u>	<u>33,758</u>	<u>145,787</u>
Liabilities	<u>30,053</u>	<u>240</u>	<u>913</u>	<u>11,129</u>	<u>42,335</u>
Capital expenditure	<u>55,648</u>	<u>36</u>	<u>—</u>	<u>—</u>	<u>55,684</u>

The segment assets and liabilities at 31 March 2017 and capital expenditure for the year then ended are as follows:

	Financial information, advertising and investor relationship service business HK\$'000	Securities and futures business HK\$'000	Money lending business HK\$'000	Property investment business HK\$'000	Group HK\$'000
Assets	<u>31,616</u>	<u>24,294</u>	<u>26,483</u>	<u>123,337</u>	<u>205,730</u>
Liabilities	<u>15,977</u>	<u>268</u>	<u>776</u>	<u>100,831</u>	<u>117,852</u>
Capital expenditure	<u>3,561</u>	<u>2</u>	<u>—</u>	<u>—</u>	<u>3,563</u>

The Group mainly operates in Hong Kong and the PRC.

	2018 HK\$'000	2017 HK\$'000
Revenue		
Hong Kong	16,051	10,236
The PRC	<u>2,723</u>	<u>530</u>
	<u>18,774</u>	<u>10,766</u>

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

	2018 HK\$'000	2017 <i>HK\$'000</i>
Total assets		
Hong Kong	103,293	170,048
The PRC	42,494	35,682
	145,787	205,730

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

	2018 HK\$'000	2017 <i>HK\$'000</i>
Non-current assets		
Hong Kong	57,102	74,024
The PRC	35,565	33,062
	92,667	107,086

Non-current assets are allocated based on where the assets are located.

Information about major customers

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

	2018 HK\$'000	2017 <i>HK\$'000</i>
Customer A ¹	N/A ³	2,127
Customer B ²	N/A ³	1,422
Customer C ¹	2,000	N/A ³
Customer D ¹	N/A ³	1,980
Customer E ¹	2,000	N/A ³
Customer F ¹	2,000	N/A ³

¹ Revenue from financial information service, advertising and investor relationship business.

² Revenue from property investment business.

³ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. OTHER INCOME AND OTHER LOSSES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Referral commission income	—	3,418
Interest income from bank deposits	6	6
Income from sharing of administrative expenses	3,364	—
Fair value gain on investment properties	1,700	9,700
Fair value change on financial assets at fair value through profit or loss	(612)	699
(Loss)/gain on disposal of subsidiaries	(499)	8,144
Sundry income	164	470
	<u>4,123</u>	<u>22,437</u>

6. FINANCE COSTS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Interest expense on borrowing	645	703
Effective interest expense on convertible bonds	6,390	8,936
	<u>7,035</u>	<u>9,639</u>

7. LOSS BEFORE INCOME TAX

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

	2018 HK\$'000	2017 HK\$'000
Operating lease payments		
— in respect of rented premises	7,479	8,061
— in respect of office equipment	12	12
Employee benefits expense (including directors' emoluments)	27,707	25,428
Provision for impairment loss of trade receivables	72	—
Provision for impairment loss of loans receivables	—	613
Provision for impairment loss of other receivables	—	8,779
Reversal of provision for impairment loss of loans receivables	(2,802)	—
Impairment loss of available-for-sale financial assets	—	109
Depreciation of property, plant and equipment	3,326	2,608
Loss on disposal of property, plant and equipment	125	—
Loss on early redemption of convertible bonds	32	—
Direct operating expenses arising on rental-earning investment properties	161	117
Auditors' remuneration		
— Audit service	595	550
— Non-audit service	—	—
	<u> </u>	<u> </u>

8. INCOME TAX EXPENSE/(CREDIT)

Hong Kong Profits Tax is calculated at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year.

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

	2018 HK\$'000	2017 HK\$'000
Current tax:		
— Hong Kong Profits Tax	257	—
— Overseas taxation — the PRC	145	143
Under provision in prior years:		
— Hong Kong Profits Tax	—	6
Deferred tax:	<u>2,942</u>	<u>(1,429)</u>
Income tax expense/(credit)	<u>3,344</u>	<u>(1,280)</u>

9. DIVIDENDS

No dividend was paid or proposed in respect of the year ended 31 March 2018 (2017: Nil) nor has any dividend been proposed since the end of the reporting period.

10. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company for the year ended 31 March 2018 of approximately HK\$35,814,000 (2017: approximately HK\$29,122,000) by the weighted average number of approximately 569,683,000 (2017: approximately 476,902,000) ordinary shares in issue during the year.

(b) Diluted

The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares outstanding during the year ended 31 March 2018.

The computation of diluted loss per share for the year ended 31 March 2017 did not assume the exercise of the Company's outstanding share options, warrants and convertible bonds during both years since they are anti-dilutive, as their exercise would result in a decrease in loss per share.

11. ACCOUNTS RECEIVABLE

	2018 HK\$'000	2017 HK\$'000
Loans receivables (<i>Note</i>)	12,773	20,680
Less: provision for impairment loss of loans receivable	<u>—</u>	<u>(2,802)</u>
	12,773	17,878
Trade receivables	2,753	1,319
Less: provision for impairment loss of trade receivables	<u>(1,197)</u>	<u>(1,125)</u>
	1,556	194
Accounts receivable	<u>14,329</u>	<u>18,072</u>

Note:

The loans receivables of amount to approximately HK\$6,166,000 related to the Group's subsidiary director, the loan bears 1% interest rate per month, repayable on the date falling on the expiry of the two-month period after the loan agreement date and no collateral to collection.

The loans terms granted by the Group to its customers range from 60 days to 365 days from the loan drawn date. The carrying amounts of loans receivables approximately 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. Loans receivables as at 31 March 2018 are unsecured and interest-bearing at rates ranging from 7% to 12% (2017: 7% to 24%) per annum. Loans receivables include the interest receivables of approximately HK\$1,055,000 (2017: approximately HK\$1,278,000) receivable at the date of repayment.

As of 31 March 2018, loans receivables of approximately HK\$11,771,000 (2017: approximately HK\$17,878,000) were past due but not impaired.

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

	2018 HK\$'000	2017 <i>HK\$'000</i>
61–90 days	—	7,253
Over 90 days	<u>11,771</u>	<u>10,625</u>
	<u>11,771</u>	<u>17,878</u>

At the end of each reporting period, the recoverability of the Group's loans 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 loans receivables were as follows:

	2018 HK\$'000	2017 <i>HK\$'000</i>
At the beginning of year	2,802	2,189
Provision for impairment loss	—	613
Reversal of provision for impairment loss	<u>(2,802)</u>	<u>—</u>
At the end of year	<u>—</u>	<u>2,802</u>

The credit terms are granted by the Group to its customers ranged from 10 days to 90 days from the date of billing. The carrying amounts of the trade receivables approximate to their fair values as these financial assets, which are measured at amortized cost, are expected to be paid within a short period of time, such that the impact of the time value of money is not significant. At 31 March 2018, the aging analysis of the trade receivables are as follows:

	2018 HK\$'000	2017 <i>HK\$'000</i>
0–30 days	798	33
31–60 days	618	41
61–90 days	43	62
Over 90 days	97	58
	<u>1,556</u>	<u>194</u>

As of 31 March 2018, trade receivables of approximately HK\$97,000 (2017: approximately HK\$58,000) were past due but not impaired. These relate to several independent customers with no recent history of default.

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

	2018 HK\$'000	2017 <i>HK\$'000</i>
Over 90 days	<u>97</u>	<u>58</u>

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:

	2018 HK\$'000	2017 <i>HK\$'000</i>
At the beginning of year	1,125	1,125
Provision for impairment loss	<u>72</u>	<u>—</u>
At the end of year	<u>1,197</u>	<u>1,125</u>

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:

	2018 HK\$'000	2017 <i>HK\$'000</i>
Hong Kong dollars	14,269	18,069
United States dollars	<u>60</u>	<u>3</u>
	<u>14,329</u>	<u>18,072</u>

The maximum exposure to credit risk at the reporting date is the carrying amount of the accounts receivable mentioned above. The Group does not hold any collateral as security.

12. ACCOUNTS PAYABLE

	2018 HK\$'000	2017 <i>HK\$'000</i>
Accounts payable arising from securities broking		
— Clients	113	116
Accounts payable arising from futures broking		
— Clients	13	13
Other accounts payable	<u>1,910</u>	<u>1,539</u>
Accounts payable	<u>2,036</u>	<u>1,668</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 2018 and 2017, the aging analysis of the other accounts payable were as follows:

	2018 HK\$'000	2017 <i>HK\$'000</i>
0–30 days	363	—
31–60 days	43	—
61–90 days	8	36
Over 90 days	<u>1,496</u>	<u>1,503</u>
	<u>1,910</u>	<u>1,539</u>

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

	2018 HK\$'000	2017 <i>HK\$'000</i>
Renminbi	12	11
Hong Kong dollars	2,015	1,648
United States dollars	9	9
	<u>2,036</u>	<u>1,668</u>

13. SHARE CAPITAL

	2018		2017
	Number of shares	Amount HK\$'000	Number of shares Amount HK\$'000
Ordinary shares of HK\$0.01 (2017: HK\$0.01) each Authorized:			
At the beginning of year and at the end of year	<u>15,000,000,000</u>	<u>150,000</u>	<u>15,000,000,000</u> <u>150,000</u>
Issued and fully paid:			
At the beginning of year	528,980,880	5,290	465,418,880 4,654
Conversion of unlisted warrants	—	—	63,562,000 636
Conversion of convertible bonds	<u>137,557,894</u>	<u>1,375</u>	<u>—</u> <u>—</u>
At the end of year	<u>666,538,774</u>	<u>6,665</u>	<u>528,980,880</u> <u>5,290</u>

Note:

On 14 December 2017, the principal amount of HK\$52,272,000 of convertible bonds was converted at the conversion price of HK\$0.38 each, resulting in the issue of 137,557,894 ordinary shares at HK\$0.01 each.

During the year ended 31 March 2017, three registered warrants holders exercised their rights to subscribe for a total of 63,562,000 ordinary shares of the Company at HK\$0.402 per share. There is no outstanding warrants conferring the rights to subscribe ordinary shares in the Company.

14. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

For the year ended 31 March 2018:

Acquisition of Maxon Management Limited (the “Maxon”)

On 24 August 2017, the Group completed the acquisition of entire interests in Maxon Management Limited (the “Acquisition”) from a connected person. In the opinion of the directors, the Acquisition did not constitute an acquisition of business in substance. The Acquisition was considered as acquisition of assets through acquisition of a subsidiary. The Maxon is principally engaged in property investment business in Hong Kong. The commercial properties is occupied by the Group as office for the securities and futures business. The consideration is satisfied by a cash consideration of approximately HK\$36,233,000.

Assets acquired and liabilities recognized at the date of acquisition are as follows:

	HK\$'000
Property, plant and equipment	54,000
Prepayment, deposits and other receivables	50
Cash and bank balances	170
Amount due to a fellow subsidiary	(285)
Accruals and other payables	(61)
Bank borrowings	<u>(17,641)</u>
Net assets	<u>36,233</u>
Satisfied by cash	<u>36,233</u>
Net cash outflow on acquisition of the Maxon:	
Cash consideration paid	(36,233)
Less: cash and cash equivalent balances acquired	<u>170</u>
	<u>(36,063)</u>

15. DISPOSAL OF A SUBSIDIARY

For the year ended 31 March 2018:

Disposal of Pink Angel Investments Limited (the “Pink Angel”)

On 14 March 2017, Finet Group (BVI) Limited, a direct wholly-owned subsidiary of the Company, has entered into the agreement with an independent third party to dispose of the entire issued share capital of the Pink Angel together with the sale debt at a consideration of approximately HK\$67,430,000. The principal assets held by the Pink Angel were the commercial properties located in Hong Kong. The disposal was completed on 11 July 2017.

Analysis of assets and liabilities over which control was lost:

	HK\$'000
Investment properties	68,000
Property, plant and equipment	377
Trade and other receivables	287
Accruals and other payables	(584)
Deferred tax liabilities	(151)
	<hr/>
	67,929
Loss on disposal of a subsidiary	(499)
	<hr/>
	67,430
	<hr/>
Satisfied by:	
Cash consideration received	24,914
Cash consideration for sale debt	42,516
	<hr/>
	67,430
	<hr/>
Net cash inflow on disposal of a subsidiary:	
Cash consideration received	24,914
Cash consideration for sale debt	42,516
	<hr/>
	67,430
	<hr/>

16. CONTINGENT LIABILITIES

During the year ended 31 March 2008, three libel actions were brought by a company and an individual (collectively the “Plaintiffs”) against the Group in respect of the publication of words alleged to be defamatory and concerning articles published on the Group’s website in 2007. The Plaintiffs sought, among other things, injunctive relief and unliquidated damages. The Executive Directors of the Company are of the opinion that the Group has a meritorious defense against such claims and therefore filed defense on 13 November 2007 and 9 April 2008 against all three libel actions consecutively. No further steps have been taken by the Plaintiffs since the filing of the defense. Accordingly, the Executive Directors of the Company are of the opinion that these claims would not have any material adverse effect on the Group, and no provisions have been made in the financial statements in respect thereof.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year, the Group continued its Internet, Mobile and Media (“IMM”) growth strategy, the Group further strengthened its hold on media business with focus on financial sector through the continuous development of the “FinTV” branding. Both the broadness and depth of programmes offered by FinTV has continued to multiply. FinTV brings investors and financial elites in greater China the latest professional report, through television, internet and mobile channels at the same time. The Group believes that the FinTV will be one of the major drivers for future growth in business. To broaden its revenue bases and to better utilize its resources, the Group continued to tap on the property investment with satisfactory results.

MEDIA BUSINESS

The Group mainly conducted its media business through the establishment of Xian Dai TV Limited together with a number of subsidiaries (“Xian Dai”). In addition to the production and distribution of programmes through the branding “FinTV”, Xian Dai also engaged in investor relationship business and creative advertising. For the purpose of segment reporting in this annual results, the results of the media business has been included in the “Financial information, advertising and investor relationship service business” segment.

PROPERTY INVESTMENT BUSINESS

The investment properties in the People’s Republic of China (the “PRC”) continued to provide stable income and result a positive contribution to the financial results of the Group.

MONEY LENDING BUSINESS

The loan interest income from the money lending business decreased in this year under the keen market competition.

FINANCIAL INFORMATION, ADVERTISING AND INVESTOR RELATIONSHIP SERVICE BUSINESS

The Group continued to generate service income from provision of financial information service business.

On the other hand, the service income generated from advertising and investor relationship business increased significantly because of the continuous effort of our Group.

SECURITIES AND FUTURE BUSINESS

Due to the keen competition within the market, the improvement in Group's securities and future business is still a challenging task in coming year.

FINANCIAL REVIEW

Revenue of the Group for the year ended 31 March 2018 was approximately HK\$18,774,000 (2017: approximately HK\$10,766,000), which represented an increase of approximately 74.4% as compared to the previous financial year. The net increase was primarily attributable to: (i) a decrease in loan interest income of approximately HK\$743,000 from money lending business; (ii) an increase in income from financial information services, advertising and investor relationship services of approximately HK\$8,463,000; (iii) a decrease in the income from securities and futures business of approximately HK\$2,000; and (iv) an increase in rental income from property investment business of approximately HK\$290,000.

Other income and other losses of the Group for the year ended 31 March 2018 was approximately HK\$4,123,000 (2017: approximately HK\$22,437,000). The decrease was mainly due to: (i) a decrease in fair value gain on investment properties of approximately HK\$8,000,000; (ii) a change from gain on disposal of subsidiaries of approximately HK\$8,144,000 in 2017 to a loss on disposal of a subsidiary of approximately HK\$499,000 in 2018; and (iii) a decrease in referral commission income of approximately HK\$3,418,000.

Cost of sales of the Group for the year ended 31 March 2018 was approximately HK\$2,726,000 (2017: approximately HK\$3,066,000), which represented a decrease of approximately 11.1% as compared to the previous financial year.

General and administrative expenses of the Group for the year ended 31 March 2018 were decreased by approximately HK\$7,257,000 to approximately HK\$46,523,000 (2017: approximately HK\$53,780,000), representing a decrease of approximately 13.5% as compared to the previous financial year. The decrease was mainly due to a decrease in the provision for the impairment loss of trade receivable, approximately HK\$8,779,000 this year and reversal of provision for impairment loss of loans receivables approximately HK\$2,802,000.

Finance costs for the year ended 31 March 2018 were approximately HK\$7,035,000 (2017: approximately HK\$9,639,000), which represented the interest charges on bank loans for the investment properties in Hong Kong of approximately HK\$645,000 (2017: approximately HK\$703,000) and the charge of effective interest expenses on convertible bonds equity component of approximately HK\$6,390,000 (2017: approximately HK\$8,936,000).

The Hong Kong taxation expenses for the year ended 31 March 2018 were approximately HK\$257,000 (2017: under-provision approximately HK\$6,000). Approximately HK\$145,000 was paid during the year ended 31 March 2018 (2017: approximately HK\$143,000) for income tax on rental income for the investment properties of the Company in the PRC. The deferred tax expense of approximately HK\$2,942,000 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\$1,054,000 in 2018 (2017: approximately HK\$3,025,000) 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 2018 was approximately HK\$35,814,000 (2017: approximately HK\$29,122,000).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 31 March		
	2018	2017	change
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Net current assets	22,072	54,775	(59.7%)
Total assets	145,787	205,730	(29.1%)
Total liabilities	42,335	117,852	(64.0%)
Total equity	103,452	87,878	17.7%
Cash and cash equivalents	20,331	57,016	(64.3%)
Debts to equity ratio	0.4x	1.3x	(69.2%)
Gearing ratio	0.16x	1.02x	(84.3%)

As at 31 March 2018, the total assets of the Group decreased by approximately HK\$59,943,000 to approximately HK\$145,787,000 as compared to approximately HK\$205,730,000 as at the end of the previous financial year, representing a decrease of approximately 29.1%.

As at 31 March 2018, the total liabilities of the Group decreased by approximately HK\$75,517,000 to approximately HK\$42,335,000 as compared to approximately HK\$117,852,000 as at the end of the previous financial year, representing a decrease of approximately 64.1%.

As at 31 March 2018, the total equity of the Group increased by approximately HK\$15,574,000 to approximately HK\$103,452,000 as compared to approximately HK\$87,878,000 as at the end of the previous financial year, representing an increase of approximately 17.7%.

Convertible Bonds

On 23 December 2015, 6 May 2016 and 12 May 2016, the Company issued convertible bonds, comprised Convertible Bond Batch 1 (the “CB 1”), Convertible Bond Batch 2 (the “CB 2”), Convertible Bond Batch 3 (the “CB 3”) and Convertible Bond Batch 4 (the “CB 4”), with an aggregate principal amount of HK\$69,696,000 to the subscriber, Maxx Capital International Limited (“Maxx Capital”), which is beneficially owned by Ms. LO, the chairman and the executive director of the Company. The convertible bonds carried an interest at 3% per annum payable on annual basis and have a term of 2 years. The convertibles bonds carried the rights to convert into conversion share at a price of HK\$0.396 each during the period commencing from the date of issue of convertible bonds and ending on the day which falls on the second anniversary of the date of issue of convertible bonds.

On 13 July 2017, the Company early redeemed the CB 1. The fair value of the liability component on the date of redemption was approximately HK\$16,581,000 and resulted in a loss of approximately HK\$32,000 from the redemption of the CB 1.

On 14 December 2017, Maxx Capital has fully exercised the rests of its conversion rights attached to the CB 2, CB 3 and CB 4 with an aggregate principal amount of HK\$52,272,000 into 137,557,894 new ordinary shares of the Company at HK\$0.38 each.

Update on Use of Proceeds from the Subscription of Convertible Bonds

Reference is made to the circular (the “Circular”) issued by the Company dated 14 October 2015 relating to the subscription of convertible bonds. It was disclosed in the section headed “Use of Proceeds” in the Circular that the Company intended to utilize the proceeds from the issuance of the convertible bonds in two stages during the period from October 2015 to September 2017, with the First Stage from October 2015 to September 2016 (“First Stage”) and the Second Stage from October 2016 to September 2017 (“Second Stage”), in the following manner:

- (i) Invest in and develop of internet finance platform in China, it is expected that approximately 16.2% of the aggregate proceeds raised from the subscription, subject to 5% variation, shall be allocated:
 - (a) to develop mobile and Internet applications; and
 - (b) to enhance and maintain the database of financial data, news, videos and the content management system.

Investment in the said internet finance platform shall be divided into two stages, investments in the First Stage and the Second Stage shall be approximately 8.9% and 7.3% of the aggregate proceeds raised from the subscription respectively, subject to the said 5% variation.

(ii) Invest in and develop of the big data platform, it is expected that approximately 22.4% of the aggregate proceeds raised from the subscription, subject to 5% variation, shall be allocated:

(a) to develop hardware and software for the big data platform in private clouds; and

(b) to maintain the said big data platform.

Investment in big data platform shall be divided into two stages, investments in the First Stage and the Second Stage shall be approximately 8.6% and 13.8% of the aggregate proceeds raised from the subscription respectively, subject to the said 5% variation.

The said investment and development of big data platform is expected to commence in the First Stage.

(iii) Expand operations in Beijing and Shenzhen, it is expected that approximately 29.1% of the aggregate proceeds raised from the subscription, subject to 5% variation, shall be allocated:

(a) to renovate and expand Beijing office; and

(b) to increase the number of staff.

Expansion in PRC operations is divided into two stages, investments in the First Stage and the Second Stage shall be approximately 13.4% and 15.7% of aggregate proceeds raised from the subscription respectively, subject the said 5% variation.

(iv) Expand marketing force for promotion of mobile Internet platform in the PRC, it is expected that approximately 17.9% of the aggregate proceeds raised from the Subscription, subject to 5% variation, shall be allocated:

(a) to promote the said mobile applications.

Expansion in marketing force is divided into two stages, investment in the First Stage and the Second Stage shall be approximately 7.1% and 10.8% of aggregate proceeds raised from the Subscription respectively, subject to said 5% variation.

The said expansion of marketing force is expected to commence in the First Stage.

- (v) Strengthen general working capital, it is expected that approximately 14.4% of the aggregate proceeds raised from the subscription, subject to 5% variation, shall be allocated as general working capital.

All of the convertible bonds had been issued to the subscriber, a company incorporated in the British Virgin Islands and a substantial shareholder of the Company which is ultimately controlled by Ms. LO, by four tranches which took place on 23 December 2015, 6 May 2016 and 12 May 2016, raising an aggregate net proceeds of approximately HK\$69.6 million. Further information regarding the completion of the subscription of the convertible bonds was published in the announcements of the Company dated 23 December 2015, 6 May 2016 and 12 May 2016 respectively.

In July 2017, the Company early redeemed the CB 1 (total value of approximately HK\$17.4 million). Therefore, the total intended net proceeds was reduced to HK\$52.2 million.

The use of the abovementioned net proceeds up to the date of this announcement are illustrated in the table below:

Intended net proceeds (approximate)	Intended use of such net proceeds	Actual use of such net proceeds (nature and amount utilised)
(i) HK\$8.5 million, being approximately 16.2% of the total net proceeds, subject to 5% variation	Invest in and develop of Internet finance platform in China, including	Approximately RMB570,000 (equivalent to approximately HK\$662,000) was used for the development cost of FinTV Apps for mobile application of our Internet TV.
	(a) the development of mobile and Internet applications; and (b) the enhancement and maintenance of the database of financial data, news, videos and the content management system.	Approximately RMB715,000 (equivalent to approximately HK\$846,000) was used for the development cost of Finet Apps for mobile application of Finet website.

Intended net proceeds (approximate)	Intended use of such net proceeds	Actual use of such net proceeds (nature and amount utilised)
		<p>Approximately HK\$4,639,000 was used for the payments of salary and mandatory provident fund for staff to enhance and maintain the database editing of news, productions of video and provisions of contents in Internet finance platform.</p> <p>Approximately HK\$4,232,000 was used for the payments of rental and government rent and rates for our studio for content production.</p> <p>The net proceed was fully utilized for the intended use.</p>
(ii) HK\$11.7 million, being approximately 22.4% of the aggregate net proceeds, subject to 5% variation	<p>Invest in and develop of the big data platform, including</p> <p>(a) the development of hardware and software for the big data platform in private clouds; and</p> <p>(b) the maintenance of the said big data platform.</p>	<p>Approximately RMB3,031,000 (equivalent to approximately HK\$3,550,000) was used for the payment of salary for the data centre team in Shenzhen to maintain the big data platform.</p> <p>Approximately HK\$171,000 was used for development of hardware and software for the big data platform in private clouds.</p>

Intended net proceeds (approximate)	Intended use of such net proceeds	Actual use of such net proceeds (nature and amount utilised)
		Approximately HK\$1,201,000 was used for purchasing of computers and office equipment for the data centre team in Shenzhen.
		Approximately HK\$7,797,000 was used for the salary payments of IT and supporting staff in Hong Kong for operation of big data platform.
		The net proceed was fully utilized for the intended use.
(iii) HK\$15.2 million, being approximately 29.1% of the aggregate net proceeds, subject to 5% variation	Expand operations in Beijing and Shenzhen, including (a) the renovation and expansion of Beijing office; and (b) the increasing of the number of staff	Approximately RMB284,000 (equivalent to approximately HK\$330,000) was used for the renovation of Beijing office. Approximately RMB146,000 (equivalent to approximately HK\$171,000) was used for purchasing of the furniture for both Beijing and Shenzhen offices.

Intended net proceeds (approximate)	Intended use of such net proceeds	Actual use of such net proceeds (nature and amount utilised)
		Approximately RMB419,000 (equivalent to approximately HK\$491,000) was used for purchasing computers and office equipment for both Beijing and Shenzhen offices.
		Approximately RMB5,059,000 (equivalent to approximately HK\$5,867,000) and RMB2,600,000 (equivalent to approximately HK\$3,072,000) were used for the payments of salary and social insurance for staff in Shenzhen and Beijing offices respectively.
		Approximately RMB1,888,000 (equivalent to approximately HK\$2,214,000) and RMB1,531,000 (equivalent to approximately HK\$1,797,000) were used for the rental payment for Shenzhen and Beijing offices respectively.

Intended net proceeds (approximate)	Intended use of such net proceeds	Actual use of such net proceeds (nature and amount utilised)
		Approximately RMB487,000 (equivalent to approximately HK\$579,470) was used for the general operating costs for Shenzhen and Beijing offices.
		Approximately HK\$2,245,000 was used for the salary payments of IT and supporting staff in Hong Kong for overall operation and management of Beijing and Shenzhen office.
		The net proceed was fully utilized for the intended use.
(iv) HK\$9.3 million, being approximately 17.9% of the aggregate net proceeds, subject to 5% variation	Expand marketing force for promotion of mobile Internet platform in the PRC by promoting the said mobile applications	Approximately HK\$2,003,000 was used for the salary payments of marketing staff. Approximately HK\$7,297,000 of the proceeds were unused as the management of the Company considers that they have not come across a suitable timing for the launch of marketing campaign. The said unused proceeds will be paid for the same purpose when opportunity arise.

Intended net proceeds (approximate)	Intended use of such net proceeds	Actual use of such net proceeds (nature and amount utilised)
(v) HK\$7.5 million, being approximately 14.4% of the aggregate net proceeds, subject to 5% variation	As general working capital	<p>Approximately HK\$10,383,000 was used for the rental payment for Hong Kong office.</p> <p>Approximately HK\$4,874,000 was used for the operating cost for Hong Kong office.</p> <p>The net proceed was fully utilized for the intended use.</p>

RELATED PARTY TRANSACTIONS

The Group had the following related party transactions during both years:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Income from sharing of administrative expenses received from International Links Limited (<i>Note i</i>)	1,689	—
Income from sharing of administrative expenses received from Maxx Capital Finance Limited (<i>Note i</i>)	1,675	—
Management fee paid to Maxx Capital Finance Limited (<i>Note i</i>)	—	150
Referral fee in relation to the money lending business paid to Maxx Capital Finance Limited (<i>Note i</i>)	—	120
Rental expenses paid to Avaya Lane Limited (<i>Note i</i>)	—	360
Rental expenses paid to Cyber Feel Limited (<i>Note i</i>)	3,643	3,686
Rental expenses paid to Great Heep International Investment Limited (<i>Note i</i>)	232	—
Rental expenses paid to Maxon Management Limited (<i>Note ii</i>)	596	326
Loan interest income from the Group's subsidiary director (<i>Note iii</i>)	284	—
Referral commission income from a director (<i>Note iv</i>)	—	80

Notes:

- (i) Maxx Capital Finance Limited, Avaya Lane Limited, Great Heep International Investment Limited, Cyber Feel Limited and International Links Limited are beneficially owned by Ms. LO, the chairman and the executive director of the Company.
- (ii) Maxon Management Limited was beneficially owned by Ms. LO, the chairman and the executive director of the Company before 24 August 2017. The acquisition of Maxon Management Limited was completed on 24 August 2017 and Maxon Management Limited became an indirectly wholly-owned subsidiary of the Company.
- (iii) Finet Finance Limited, a wholly-owned subsidiary of the Company entering into loan agreements with the Borrower, Ms. Chan Kwai Yuet, the Group's subsidiary director, constituted the connected transaction with the Group.
- (iv) The referral commission income is from Ms. LO, the chairman and the executive director of the Company.

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

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

GEARING RATIO

As at 31 March 2018, the Group's gearing ratio was approximately 16%, based on total borrowings of approximately HK\$16,846,000 (2017: 102% based on total borrowings and the convertible bonds of approximately HK\$89,525,000) and total equity of the Group of approximately HK\$103,452,000 (2017: HK\$87,878,000).

SIGNIFICANT INVESTMENTS HELD

As at 31 March 2018, the Group held financial assets at fair value through profit or loss of approximately HK\$5,813,000 (2017: HK\$10,400,000) representing highly liquid equity securities listed in the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The equity investment as of 31 March 2018 consists solely of 12,500,000 shares (2017: 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. During the year ended 31 March 2018, the Group has disposed 7,500,000 shares of Daisho Microline Holdings Limited at HK\$0.53 per share to have a realised gain on disposal of financial assets at fair value through profit or loss of approximately HK\$75,000 (2017: A realized gain of approximately HK\$299,000 from disposal of equity securities of another investee). As at 31 March 2018, the investment represented approximately 2.17% (2017: 3.47%) of shareholding in Daisho Microline Holdings Limited. As at 31 March 2018, based on the fair value of HK\$0.465 per share (2017: HK\$0.52 per share), the fair value and carrying amount of the equity investment was approximately HK\$5,812,500 (2017: HK\$10,400,000). The Group had an unrealized loss on financial assets at fair value through profit or loss (equity investment in Daisho Microline Holdings Limited) of approximately HK\$687,000 for the year ended 31 March 2018 (2017: An unrealized gain on financial assets at fair value through profit or loss of another investee, HK\$400,000).

Set out below is a breakdown of the significant investments of the Group as at 31 March 2018 and 2017:

	2018 HK\$'000	2017 HK\$'000
Current assets		
Financial assets at fair value through profit or loss		
— Daisho Microline Holdings Limited (SEHK: 0567)	<u>5,813</u>	<u>10,400</u>

As at 31 March 2018

	Number of shares held as at 31 March 2018	Percentage of shareholding as at 31 March 2018	Fair value as at 31 March 2017 HK\$'000	Investment cost of disposal of shares during the year ended 31 March 2018 HK\$'000	Realised gain for the year ended 31 March 2018 HK\$'000	Unrealised loss for the year ended 31 March 2018 HK\$'000	Net loss for the year ended 31 March 2018 HK\$'000	Fair value as at 31 March 2018 HK\$'000	Percentage to the Group's total assets as at 31 March 2018
Daisho Microline Holdings Limited (SEHK: 0567)	12,500,000	2.17%	<u>10,400</u>	<u>(3,900)</u>	<u>75</u>	<u>(687)</u>	<u>(612)</u>	<u>5,813</u>	<u>3.91%</u>

As at 31 March 2017

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

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 of petroleum and energy products.

Pursuant to the annual report of Daisho Microline for the year ended 31 March 2018, the Daisho Microline Group’s total revenue for the year ended 31 March 2018 was approximately HK\$412 million. The increase was resulted from the Daisho Microline Group engaging in the trading of petroleum and energy products and related business commenced since June 2017. The Daisho Microline Group’s net loss for the year ended 31 March 2018 was approximately HK\$80 million.

Going forward, the Daisho Microline Group will continue to develop the petroleum trading business in Hong Kong and further expand the Singapore market. The Daisho Microline Group targets to transform its business model in the coming years to more diversified business, PCB manufacturing and the trading of petroleum business.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

a) Disposal of a subsidiary

On 14 March 2017, Finet Group (BVI) Limited, a direct wholly-owned subsidiary of the Company, has entered into the provisional agreement with an independent third party to dispose of the sale shares representing the entire issued share capital of Pink Angel Investments Limited (“Disposal Company”) together with the sale debt at a disposal consideration of HK\$67,430,000. The principal assets held by Disposal Company were the commercial properties located in Hong Kong. The disposal constituted a major transaction of the Company under the GEM Listing Rules and approved by the independent shareholders of the Company by way of poll at the special general meeting on 11 July 2017. The disposal of a subsidiary was completed on the same date for a cash consideration of HK\$67,430,000.

For details, please refer to the Company’s announcements dated 14 March 2017, 13 April 2017, 13 May 2017, 23 May 2017, 26 June 2017 and 11 July 2017.

b) Acquisition of a subsidiary

On 24 August 2017, the Group completed the acquisition of entire interests in Maxon Management Limited (the “Acquisition”) at a net consideration, HK\$36,233,000. The principal asset held by Maxon Management Limited was a commercial property located in Hong Kong, which has been leased to the Company for its securities and futures business since January 2017. The Acquisition constituted a major and connected transaction of the Company under the GEM Listing Rules and approved by the independent shareholders of the Company by way of poll at the special general meeting on 24 August 2017. The Acquisition was completed on the same date. Following the completion of the Acquisition, Maxon Management Limited became an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the accounts of the Group.

For details, please refer to the Company’s announcements dated 24 April 2017, 11 May 2017, 21 June 2017, 13 July 2017, 21 July 2017, 7 August 2017 and 24 August 2017.

CHARGES OF ASSETS

As at 31 March 2018, the Group's property, plant and equipment with an aggregate carrying value of approximately HK\$53,280,000 was pledged as security for the borrowing facilities of the Group.

As at 31 March 2017, the Group's investment properties with an aggregate carrying value of approximately HK\$68,000,000 was pledged as security for the borrowing facilities of the Group.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group holds investment properties which denominated in RMB. 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 128 (2017: 124) full-time employees (including directors) in Hong Kong and the PRC as at 31 March 2018.

During the year, the Group incurred total staff costs (including Directors' emoluments) of approximately HK\$27,707,000 (2017: HK\$25,428,000).

Employees' remuneration are determined in accordance with their experiences, competence, qualifications and nature of duties and the current market trend. Apart from the basic salary, commission, discretionary bonus or other incentives are offered to employees to reward their performance and contributions.

The emoluments of the Directors are decided by their individual performance, their responsibilities and the current market rate.

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

DISCLOSURE UNDER CHAPTER 17 OF THE GEM LISTING RULES

The Directors confirmed that they were not aware of any circumstances which would give rise to disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealing as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31 March

2018. 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 2018.

AUDIT COMMITTEE

The annual results announcement of the Group for the year ended 31 March 2018 have been reviewed by the audit committee of the Company.

EVENT AFTER REPORTING PERIOD

The Group had no material event subsequent to the end of the reporting period and up to the date of this announcement.

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 2018.

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 2018, except for the following deviation:

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

PROSPECT

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

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

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

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

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

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

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

Meanwhile, Finet Securities Limited (“Finet Securities”), our securities arm, has successfully obtained the SFC license type 4 (advisory in securities) and type 9 (Asset Management). We aim to expand our services including discretionary portfolio management, investment advisory and management of private funds. Finet Securities is expected to generate satisfactory management fee and performance fee income from fund management business in near future.

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

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

Hong Kong, 21 June 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 Rules governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading or deceptive.

This announcement will remain on the “Latest Company Announcements” page of GEM website at www.hkgem.com for at least seven days from the day of its posting and on the website of the Company at www.finet.hk