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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 2019**

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

**GEM has been positioned as a market designed to accommodate small and mid-sized 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 that the companies listed on GEM are generally small and mid-sized companies, 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\$19.7 million for the year ended 31 March 2019, representing an increase of approximately 4.6% from approximately HK\$0.9 million of last year.
- The consolidated loss attributable to owners of the Company for the year ended 31 March 2019 was approximately HK\$28.9 million.
- The board of Directors does not recommend the payment of dividend for the year ended 31 March 2019.

## ANNUAL RESULTS

The board of Directors (the “Board”) is pleased to present the consolidated results of the Group for the year ended 31 March 2019, together with the comparative figures for the corresponding period in 2018 as follows:

### CONSOLIDATED INCOME STATEMENT

*For the year ended 31 March 2019*

	Notes	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Revenue</b>	3	<b>19,637</b>	18,774
Cost of sales		<u>(2,201)</u>	<u>(2,726)</u>
<b>Gross profit</b>		<b>17,436</b>	16,048
Other income and other losses	5	(256)	4,123
Selling and marketing expenses		(244)	(137)
General and administrative expenses		(44,241)	(46,523)
Finance costs	6	<u>(491)</u>	<u>(7,035)</u>
<b>Loss before income tax</b>	7	<b>(27,796)</b>	(33,524)
Income tax expense	8	<u>(297)</u>	<u>(3,344)</u>
<b>Loss for the year</b>		<u><b>(28,093)</b></u>	<u>(36,868)</u>
<b>(Loss)/profit attributable to:</b>			
— Owners of the Company		(28,870)	(35,814)
— Non-controlling interests		<u>777</u>	<u>(1,054)</u>
		<u><b>(28,093)</b></u>	<u>(36,868)</u>
<b>Loss per share for loss attributable to owners of the Company during the year</b>			
— Basic and diluted ( <i>HK dollar per share</i> )	10	<u><b>(0.04)</b></u>	<u>(0.06)</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 March 2019*

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Loss for the year	(28,093)	(36,868)
Other comprehensive (expense)/income for the year, net of tax:		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	<u>(1,976)</u>	<u>1,856</u>
Total comprehensive expense for the year	<u><b>(30,069)</b></u>	<u><b>(35,012)</b></u>
Total comprehensive (expense)/income for the year, attributable to:		
— Owners of the Company	(30,846)	(33,958)
— Non-controlling interests	<u>777</u>	<u>(1,054)</u>
	<u><b>(30,069)</b></u>	<u><b>(35,012)</b></u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31 March 2019*

	<i>Notes</i>	<b>2019</b> <b><i>HK\$'000</i></b>	<b>2018</b> <b><i>HK\$'000</i></b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>55,696</b>	58,561
Investment properties		<b>32,700</b>	32,500
Intangible assets		<b>950</b>	950
Statutory deposits and other assets		<b>656</b>	656
		<b>90,002</b>	92,667
<b>Current assets</b>			
Accounts receivable	11	<b>8,344</b>	14,329
Prepayment, deposits and other receivables		<b>5,992</b>	10,335
Financial assets at fair value through profit or loss		<b>1,278</b>	5,813
Amounts due from related companies		<b>2,005</b>	2,186
Contract assets		<b>100</b>	—
Client trust bank balances		<b>253</b>	126
Cash and cash equivalents		<b>12,749</b>	20,331
		<b>30,721</b>	53,120
<b>Total assets</b>		<b>120,723</b>	145,787
<b>Current liabilities</b>			
Accounts payable	12	<b>1,883</b>	2,036
Accruals and other payables		<b>7,728</b>	11,216
Deferred income		—	693
Contract liabilities		<b>2,044</b>	—
Amount due to a related company		<b>42</b>	—
Borrowing — due within one year		<b>14,436</b>	16,846
Tax payables		<b>215</b>	257
		<b>26,348</b>	31,048
<b>Net current assets</b>		<b>4,373</b>	22,072
<b>Total assets less current liabilities</b>		<b>94,375</b>	114,739

	<i>Notes</i>	<b>2019</b> <b><i>HK\$'000</i></b>	2018 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Convertible bonds		—	—
Loans from shareholder		<b>14,725</b>	—
Deferred tax liabilities		<b>11,308</b>	11,287
		<b>26,033</b>	11,287
<b>Net assets</b>		<b>68,342</b>	103,452
<b>Equity</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	13	<b>6,665</b>	6,665
Reserves		<b>70,218</b>	106,064
		<b>76,883</b>	112,729
Non-controlling interests		<b>(8,541)</b>	(9,277)
<b>Total equity</b>		<b>68,342</b>	103,452

## 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 2019 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 standards, amendments, interpretations and improvements 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 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as disclosed below, the application of the new and amendments to HKFRSs and interpretations 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.

#### *HKFRS 9 "Financial Instruments"*

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 from 1 April 2018 resulted in changes in accounting policies and adjustments to the amounts recognized in the consolidated financial statements. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated.

The total impact on the Group's accumulated losses and non-controlling interests as at 1 April 2018 is as follows:

	Note	Accumulated losses HK\$'000	Non-controlling interests HK\$'000
Closing balance as at 31 March 2018 — HKAS 39		230,940	9,277
Increase in provision for impairment loss of loans receivables	(b)	4,868	—
Increase in provision for impairment loss of trade receivables	(b)	132	41
Adjustments to balances from adoption of HKFRS 9 on 1 April 2018		5,000	41
Opening balance as at 1 April 2018 — HKFRS 9		235,940	9,318

#### **(a) Classification and measurement**

##### ***(i) Reclassifications of financial instruments on adoption of HKFRS 9***

On 1 April 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

There were no impact on the amounts recognized in relation to these assets from the adoption of HKFRS 9.

There is also no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

**(b) Impairment of financial assets**

The Group has two types of financial assets that are subject to HKFRS 9's new expected credit loss model:

- Accounts receivable and contract assets
- Other financial assets at amortized cost (including client trust balances, cash and cash equivalents, amount due from related companies and deposits and other receivables)

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets.

**(i) *Accounts receivable and contract assets***

The Group applies the simplified approach to provide for expected credit losses ("ECL") prescribed by HKFRS 9, which permits the use of the lifetime expected losses for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. Future cash flows for each group receivables are estimated on the basis of historical loss experience, adjusted to reflect the effects of current conditions as well as forward looking information.

This resulted in an increase of loss allowance by approximately HK\$173,000 as at 1 April 2018 for trade receivables.

The Group applies the general method to provide for expected credit losses prescribed by HKFRS 9, measure the loss allowance for loans receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognizes lifetime ECL.

This resulted in an increase of allowance on 1 April 2018 by approximately HK\$4,868,000 for loans receivables.

**(ii) *Other financial assets at amortized cost***

For other financial assets at amortized cost, the expected credit loss is based on the 12-month expected credit loss. It is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. Management has closely monitored the credit qualities and the collectability of the other financial assets at amortized cost and considers that the resulted increase in loss allowance at 1 April 2018 was immaterial.

While bank deposits and cash and cash equivalents are subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

### *HKFRS 15 “Revenue from Contracts with Customers”*

The Group has adopted HKFRS 15 from 1 April 2018 which resulted in changes in accounting policies and adjustments to the amounts recognized in the consolidated financial statements.

HKFRS 15 establishes a comprehensive framework for recognizing revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction Contracts, which specified the accounting for construction contracts. The Group has elected to use the modified retrospective approach which means that the cumulative impact of the adoption will be recognized in retained earnings at 1 April 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 11 and HKAS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 April 2018.

The adoption of HKFRS 15 did not have any material impact on the Group’s consolidated financial position and results of operation for the year. There is also no material impact to the Group’s retained earnings as at 1 April 2018.

Under HKFRS 15, a receivable is recognized only if the Group has an unconditional right to consideration. If the Group recognizes the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset.

Similarly, a contract liability, rather than a payable, is recognized when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognizes the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The impact on the Group’s financial position by the application of HKFRS 15 as compared to HKAS 18 and HKAS 11 that was previously in effect before the adoption of HKFRS 15 is as follows:

	<b>As at 31 March 2018 HK\$’000</b>	<b>Reclassification under HKFRS 15 HK\$’000</b>	<b>As at 1 April 2018 restated HK\$’000</b>
<b>Consolidated statement of financial position (extracted)</b>			
Deferred income	693	(693)	—
Contract liabilities	—	693	693
	<u>693</u>	<u>—</u>	<u>693</u>

(b) *New standards and amendments to standards not yet adopted*

The following new standards, amendments and interpretations to existing standards and interpretations have been published that are mandatory for the Group's accounting periods on or after 1 April 2019 and have not been early adopted by the Group.

HKFRS 16	Leases <sup>1</sup>
HKFRS 17	Insurance Contracts <sup>4</sup>
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments <sup>1</sup>
Amendments to HKFRS 3	Definition of a Business <sup>2</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <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>5</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Materials <sup>3</sup>
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement <sup>1</sup>
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019.

<sup>2</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2020.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>5</sup> Effective for annual periods beginning on or after a date to be determined.

### 3. REVENUE

Revenue recognized during the year is as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Service income from provision of financial information service	838	1,072
Advertising and investor relationship service income	16,680	14,659
Brokerage commission and service income from securities and futures business	274	5
Loan interest income	263	1,055
Rental income from investment properties	1,582	1,983
	<u>19,637</u>	<u>18,774</u>

An analysis of the Group's revenue for the year is as follows:

	<b>2019</b> <b>HK\$'000</b>
Revenue from contracts with customer	
— Service income from provision of financial information services	838
— Advertising and investor relationship service income	16,680
— Brokerage commission and services income from securities and futures business	274
	<u>17,792</u>
Represented by:	
Timing of revenue recognition	
At a point in time	14,047
Over time	3,745
	<u>17,792</u>
Revenue from other sources	
— Loan interest income	263
— Rental income from investment properties	1,582
	<u>1,845</u>
	<u>19,637</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 2019, 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 People's Republic of China (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.

The segment results for the year ended 31 March 2019 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	18,044	274	263	1,582	20,163
Inter-segment revenue	(526)	—	—	—	(526)
Revenue from external customers	17,518	274	263	1,582	19,637
Segment results	(18,580)	(7,304)	(57)	(1,364)	(27,305)
Finance costs					(491)
Loss before income tax					(27,796)
Income tax expense					(297)
Loss for the year					(28,093)
Other segment items included in the consolidated income statement are as follows:					
Provision for impairment loss of trade receivables	(1,519)	—	—	—	(1,519)
Provision for impairment loss of contract assets	(61)	—	—	—	(61)
Write-off of other receivables	(4,682)	—	—	—	(4,682)
Reversal of provision for impairment loss of loans receivables	—	—	4,868	—	4,868
Fair value change on financial assets at fair value through profit or loss	—	(3,041)	—	—	(3,041)
Fair value gain on investment properties	—	—	—	200	200
Depreciation of property, plant and equipment	(2,625)	(27)	—	(62)	(2,714)

The segment results for the year ended 31 March 2018 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>
<b>Gross revenue</b>	16,776	5	1,055	1,983	19,819
<b>Inter-segment revenue</b>	<u>(1,045)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,045)</u>
<b>Revenue from external customers</b>	<u>15,731</u>	<u>5</u>	<u>1,055</u>	<u>1,983</u>	<u>18,774</u>
Segment results	(29,563)	(4,241)	2,822	4,525	(26,457)
Loss on early redemption of convertible bonds					(32)
Finance costs					<u>(7,035)</u>
<b>Loss before income tax</b>					(33,524)
Income tax expense					<u>(3,344)</u>
<b>Loss for the year</b>					<u><u>(36,868)</u></u>
Other segment items included in the consolidated income statement are as follows:					
Provision for impairment loss of trade receivables	(72)	—	—	—	(72)
Reversal of provision for impairment loss of loans 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	<u>—</u>	<u>—</u>	<u>—</u>	<u>(499)</u>	<u>(499)</u>

Segment assets consist primarily of property, plant and equipment, investment properties, intangible assets, accounts receivable, prepayment, deposits and other receivables, amounts due from related companies, financial assets at fair value through profit or loss, contract assets, 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 2019 and capital expenditure for the year then ended are as follows:

	<b>Financial information, advertising and investor relationship service business HK\$'000</b>	<b>Securities and futures business HK\$'000</b>	<b>Money lending business HK\$'000</b>	<b>Property investment business HK\$'000</b>	<b>Group HK\$'000</b>
Assets	<u>70,090</u>	<u>12,552</u>	<u>48</u>	<u>38,033</u>	<u>120,723</u>
Liabilities	<u>34,996</u>	<u>310</u>	<u>257</u>	<u>16,818</u>	<u>52,381</u>
Capital expenditure	<u>151</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>151</u>

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

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

	<b>2019 HK\$'000</b>	<b>2018 HK\$'000</b>
<b>Revenue</b>		
Hong Kong	<u>12,712</u>	<u>16,051</u>
The PRC	<u>6,925</u>	<u>2,723</u>
	<u>19,637</u>	<u>18,774</u>

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

	<b>2019</b> <b>HK\$'000</b>	2018 <i>HK\$'000</i>
<b>Total assets</b>		
Hong Kong	<b>75,271</b>	103,293
The PRC	<b>45,452</b>	42,494
	<u><b>120,723</b></u>	<u>145,787</u>

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

	<b>2019</b> <b>HK\$'000</b>	2018 <i>HK\$'000</i>
<b>Non-current assets</b>		
Hong Kong	<b>55,200</b>	57,102
The PRC	<b>34,802</b>	35,565
	<u><b>90,002</b></u>	<u>92,667</u>

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:

	<b>2019</b> <b>HK\$'000</b>	2018 <i>HK\$'000</i>
Customer A <sup>1</sup>	<b>2,950</b>	N/A <sup>2</sup>
Customer B <sup>1</sup>	<b>2,000</b>	N/A <sup>2</sup>
Customer C <sup>1</sup>	N/A <sup>2</sup>	2,000
Customer D <sup>1</sup>	N/A <sup>2</sup>	2,000
Customer E <sup>1</sup>	N/A <sup>2</sup>	2,000
Customer F <sup>1</sup>	<b>3,644</b>	N/A <sup>2</sup>

<sup>1</sup> Revenue from financial information, advertising and investor relationship service business.

<sup>2</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group.

## 5. OTHER INCOME AND OTHER LOSSES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interest income from bank deposits	9	6
Income from sharing of administrative expenses	2,473	3,364
Fair value gain on investment properties	200	1,700
Fair value change on financial assets at fair value through profit or loss	(3,041)	(612)
Loss on disposal of subsidiaries	—	(499)
Sundry income	103	164
	<u>(256)</u>	<u>4,123</u>

## 6. FINANCE COSTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interest expense on borrowing	491	645
Effective interest expense on convertible bonds	—	6,390
	<u>491</u>	<u>7,035</u>

## 7. LOSS BEFORE INCOME TAX

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Operating lease payments		
— in respect of rented premises	6,799	7,479
— in respect of office equipment	12	12
Employee benefits expense (including directors' emoluments)	26,635	27,707
Provision for impairment loss of trade receivables	1,519	72
Provision for impairment loss of contract assets	61	—
Write-off of other receivables	4,682	—
Reversal of provision for impairment loss of loans receivables	(4,868)	(2,802)
Depreciation of property, plant and equipment	2,714	3,326
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	34	161
Auditors' remuneration		
— Audit service	625	595
— Non-audit service	—	—
	<u>—</u>	<u>—</u>

## 8. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at the rate of 16.5% (2018: 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 is 25% from 1 January 2008 onwards.

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Current tax:</b>		
— Hong Kong Profits Tax	—	257
— Overseas taxation — the PRC	275	145
<b>Deferred tax:</b>	22	2,942
	<hr/>	<hr/>
Income tax expense	297	3,344
	<hr/>	<hr/>

## 9. DIVIDENDS

No dividend was paid or proposed in respect of the year ended 31 March 2019 (2018: 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 2019 of approximately HK\$28,870,000 (2018: approximately HK\$35,814,000) by the weighted average number of approximately 666,539,000 (2018: approximately 569,683,000) 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 years ended 31 March 2019 and 2018.

## 11. ACCOUNTS RECEIVABLE

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Loans receivables ( <i>Note (i)</i> )	—	12,773
Less: Provision for impairment loss of loans receivable	—	—
	<u>—</u>	<u>12,773</u>
Trade receivables ( <i>Note (ii)</i> )	11,233	2,753
Less: Provision for impairment loss of trade receivables	(2,889)	(1,197)
	<u>8,344</u>	<u>1,556</u>
Accounts receivable	<u><u>8,344</u></u>	<u><u>14,329</u></u>

*Notes:*

- (i) 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.
- (ii) The trade receivables of amount approximately HK\$2,950,000 related to the Group's related company.

### Loans receivables

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 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. Loans receivables as at 31 March 2018 are unsecured and interest-bearing at rates ranging from 7% to 12% per annum. Loans receivables include the interest receivables of approximately HK\$1,055,000 receivable at the date of repayment as at 31 March 2018.

As of 31 March 2018, loans receivables of approximately HK\$11,771,000 were past due but not impaired.

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

	2018 <i>HK\$'000</i>
Over 90 days	<u>11,771</u>
	<u><u>11,771</u></u>

At 31 March 2018, 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.

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

	<b>2019</b> <b>HK\$'000</b>	2018 <i>HK\$'000</i>
At the beginning of year	—	2,802
Initial recognition of HKFRS 9	<b>4,868</b>	—
Reversal of provision for impairment loss	<u><b>(4,868)</b></u>	<u>(2,802)</u>
At the end of year	<u>—</u>	<u>—</u>

#### **Trade receivables**

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 2019 and 2018, the aging analysis of the trade receivables are as follows:

	<b>2019</b> <b>HK\$'000</b>	2018 <i>HK\$'000</i>
0–30 days	<b>7,849</b>	798
31–60 days	<b>47</b>	618
61–90 days	<b>408</b>	43
Over 90 days	<u><b>40</b></u>	<u>97</u>
	<u><b>8,344</b></u>	<u>1,556</u>

As of 31 March 2018, trade receivables of approximately HK\$97,000 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 <i>HK\$'000</i>
Over 90 days	<u>97</u>

Movements on the provision for impairment loss of the trade receivables were as follows

	<b>2019</b> <b>HK\$'000</b>	2018 <i>HK\$'000</i>
At the beginning of year	<b>1,197</b>	1,125
Initial recognition of HKFRS 9	<b>173</b>	72
Loss allowance	<b>1,519</b>	—
	<hr/>	<hr/>
At the end of year	<b>2,889</b>	1,197
	<hr/> <hr/>	<hr/> <hr/>

At 31 March 2018, 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.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivable. This resulted in an increase of the loss allowance on 1 April 2018 by approximately HK\$173,000 for trade receivables.

The loss allowance increased by approximately HK\$1,519,000 to approximately HK\$2,889,000 for trade receivables during the current year.

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

	<b>2019</b> <b>HK\$'000</b>	2018 <i>HK\$'000</i>
Hong Kong dollars	<b>4,943</b>	14,269
Renminbi	<b>3,398</b>	—
United States dollars	<b>3</b>	60
	<hr/>	<hr/>
	<b>8,344</b>	14,329
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2019</b> <b>HK\$'000</b>	2018 <i>HK\$'000</i>
Accounts payable arising from securities broking		
— Clients	<b>240</b>	113
Accounts payable arising from futures broking		
— Clients	<b>13</b>	13
Other accounts payable	<b>1,630</b>	1,910
	<hr/>	<hr/>
Accounts payable	<b>1,883</b>	2,036
	<hr/> <hr/>	<hr/> <hr/>

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 2019 and 2018, the aging analysis of the other accounts payable were as follows:

	<b>2019</b> <b>HK\$'000</b>	2018 <i>HK\$'000</i>
0–30 days	—	363
31–60 days	—	43
61–90 days	—	8
Over 90 days	<u>1,630</u>	<u>1,496</u>
	<u><b>1,630</b></u>	<u>1,910</u>

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

	<b>2019</b> <b>HK\$'000</b>	2018 <i>HK\$'000</i>
Renminbi	12	12
Hong Kong dollars	1,862	2,015
United States dollars	<u>9</u>	<u>9</u>
	<u><b>1,883</b></u>	<u>2,036</u>

### 13. SHARE CAPITAL

	2019		2018	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 (2018: 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	666,538,774	6,665	528,980,880	5,290
Conversion of convertible bonds (Note)	<u>—</u>	<u>—</u>	<u>137,557,894</u>	<u>1,375</u>
At the end of year	<u>666,538,774</u>	<u>6,665</u>	<u>666,538,774</u>	<u>6,665</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.

#### **14. CONTINGENT LIABILITIES**

During the year ended 31 March 2008, three libel actions were brought by a company and an individual (collectively the “Plaintiffs”) against the Group in respect of the publication of words alleged to be defamatory and concerning articles published on the Group’s website in 2007. The Plaintiffs sought, among other things, injunctive relief and unliquidated damages. The 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.

#### **15. EVENTS AFTER REPORTING PERIOD**

On 17 April 2019, the Company granted 17,160,000 share options to eligible participants under the share option scheme adopted on 4 September 2014. The share options granted shall vest in the grantees in accordance with the timetable, each with an exercise period commencing from the relevant share option vesting date and ending on 3 September 2024. For details, please refer to the announcement dated 17 April 2019.

## **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**

Service income from provision of financial information service business was decreased during the year as the business segment continue to scale down.

On the other hand, the service income generated from advertising and investor relationship business continue to increase 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 2019 was approximately HK\$19,637,000 (2018: approximately HK\$18,774,000), which represented an increase of approximately 4.6% as compared to the previous financial year. The net increase was primarily attributable to: (i) a decrease in loan interest income of approximately HK\$792,000 from money lending business; (ii) an increase in income from financial information services, advertising and investor relationship services of approximately HK\$1,787,000; (iii) an increase in the income from securities and futures business of approximately HK\$269,000; and (iv) a decrease in rental income from property investment business of approximately HK\$401,000.

Other income and (other losses) of the Group for the year ended 31 March 2019 was approximately HK\$(256,000) (2018: other income approximately HK\$4,123,000). The decrease was mainly due to: (i) a decrease in income from sharing of administrative expenses of approximately HK\$891,000; and (ii) an increase of fair value loss on financial assets at fair value through profit or loss of approximately HK\$2,429,000.

Cost of sales of the Group for the year ended 31 March 2019 was approximately HK\$2,201,000 (2018: approximately HK\$2,726,000), which represented a decrease of approximately 19.3% as compared to the previous financial year.

General and administrative expenses of the Group for the year ended 31 March 2019 were decreased by approximately HK\$2,282,000 to approximately HK\$44,241,000 (2018: approximately HK\$46,523,000), representing a decrease of approximately 4.9% as compared to the previous financial year. The decrease was mainly due to (i) a decrease in the professional fee of approximately HK\$662,000; (ii) a decrease in the rental expenses of approximately HK\$680,000 during the year; and (iii) and a decrease in the employee benefit expenses of approximately HK\$1,072,000.

Finance costs for the year ended 31 March 2019 were approximately HK\$491,000 (2018: approximately HK\$7,035,000), which represented the interest charges on bank loans for the investment properties in Hong Kong of approximately HK\$491,000 (2018: approximately HK\$645,000).

No Hong Kong taxation expenses for the year ended 31 March 2019 (2018: HK\$257,000). Approximately HK\$158,000 was paid during the year ended 31 March 2019 (2018: approximately HK\$145,000) for income tax on rental income for the investment properties of the Company in the PRC. The deferred tax expense of approximately HK\$22,000 was mainly attributable to investment properties in Hong Kong during the year.

Profit attributable to non-controlling interests of approximately HK\$777,000 in 2019 (2018: loss attributable to non-controlling interests of approximately HK\$1,054,000) represented its share of profit or loss in the Group's media business.

The consolidated loss attributable to owners of the Company for the year ended 31 March 2019 was approximately HK\$28,870,000 (2018: approximately HK\$35,814,000).

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 31 March		
	2019	2018	change
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Net current assets	<b>4,373</b>	22,072	(80.2%)
Total assets	<b>120,723</b>	145,787	(17.2%)
Total liabilities	<b>52,381</b>	42,335	23.7%
Total equity	<b>68,342</b>	103,452	(33.9%)
Cash and cash equivalents	<b>12,749</b>	20,331	(37.3%)
Debts to equity ratio	<b>0.8x</b>	0.4x	100%
Gearing ratio	<b>0.43x</b>	0.16x	168.8%

As at 31 March 2019, the total assets of the Group decreased by approximately HK\$25,064,000 to approximately HK\$120,723,000 as compared to approximately HK\$145,787,000 as at the end of the previous financial year, representing a decrease of approximately 17.2%.

As at 31 March 2019, the total liabilities of the Group increased by approximately HK\$10,046,000 to approximately HK\$52,381,000 as compared to approximately HK\$42,335,000 as at the end of the previous financial year, representing an increase of approximately 23.7%.

As at 31 March 2019, the total equity of the Group decreased by approximately HK\$35,110,000 to approximately HK\$68,342,000 as compared to approximately HK\$103,452,000 as at the end of the previous financial year, representing a decrease of approximately 33.9%.

## **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:

<b>Intended net proceeds (approximate)</b>	<b>Intended use of such net proceeds</b>	<b>Actual use of such net proceeds (nature and amount utilised)</b>
(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)
		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.
		Approximately HK\$4,232,000 was used for the payments of rental and government rent and rates for our studio for content production.
		The net proceed was fully utilized for the intended use.
(ii) HK\$11.7 million, being approximately 22.4% of the aggregate net proceeds, subject to 5% variation	Invest in and develop of the big data platform, including (a) the development of hardware and software for the big data platform in private clouds; and (b) the maintenance of the said big data platform.	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.  Approximately HK\$171,000 was used for development of hardware and software for the big data platform in private clouds.

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.
		Approximately RMB419,000 (equivalent to approximately HK\$491,000) was used for purchasing computers and office equipment 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 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.
		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.

<b>Intended net proceeds (approximate)</b>	<b>Intended use of such net proceeds</b>	<b>Actual use of such net proceeds (nature and amount utilised)</b>
		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	<p>Approximately HK\$3,082,000 was used for the salary payments of marketing staff.</p> <p>Approximately HK\$6,218,000 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.</p>
(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:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Income from financial information services received from Top 100 Hong Kong Listed Companies Research Centre Limited ( <i>Note i</i> )	2,950	—
Income from sharing of administrative expenses received from International Links Limited ( <i>Note i</i> )	661	1,689
Income from sharing of administrative expenses received from Maxx Capital Finance Limited ( <i>Note i</i> )	1,812	1,675
Rental expenses paid to Cyber Feel Limited ( <i>Note i</i> )	3,962	3,643
Rental expenses paid to Great Heep International Investment Limited ( <i>Note i</i> )	330	232
Rental expenses paid to Maxon Management Limited ( <i>Note ii</i> )	—	596
Loan interest income from the Group's subsidiary director ( <i>Note iii</i> )	<u>128</u>	<u>284</u>

*Notes:*

- (i) Maxx Capital Finance Limited, Top 100 Hong Kong Listed Companies Research Centre 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.

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 2019, the Group’s gearing ratio was approximately 43%, based on the bank borrowings of approximately HK\$14,436,000 and the loans from shareholder of approximately HK\$14,725,000 (2018: 16%) and total equity of the Group of approximately HK\$68,342,000 (2018: HK\$103,452,000).

## **SIGNIFICANT INVESTMENTS HELD**

As at 31 March 2019, the Group held financial assets at fair value through profit or loss of approximately HK\$1,278,000 (2018: approximately HK\$5,813,000) representing highly liquid equity securities listed in the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The equity investment as of 31 March 2019 consists of (i) 1,000,000 shares (2018: 12,500,000 shares) of equity securities of Daisho Microline Holdings Limited (SEHK: 567) which were acquired through placement during the year ended 31 March 2017, (ii) 91,200 shares (At 31 March 2018: Nil) of equity securities of Xiaomi Corporation (SEHK: 1810). During the year ended 31 March 2019, the Group has disposed 11,500,000 shares of Daisho Microline Holdings Limited and record a realized loss on disposal of financial assets at fair value through profit or loss of approximately HK\$2,415,000 (2018: A realized gain of approximately HK\$75,000 from disposal of equity securities of another investee) and recognized a realized gain on disposal of financial assets at fair value through profit or loss of HKD31,000 (2018: HK\$ Nil) by disposal of 4,700 equity shares (2018: Nil) of Tencent Holdings Limited. As at 31 March 2019, the investment represented approximately 0.17% (2018: approximately 2.17%) and 0.0003% of shareholding in Daisho Microline Holdings Limited and Xiaomi Corporation respectively. As at 31 March 2019, the Group had an unrealized loss on financial assets at fair value through profit or loss (equity investment in Daisho Microline Holdings Limited and Xiaomi corporation) of approximately HK\$656,000 for the year ended 31 March 2019 (2018: An unrealized loss of approximately HK\$687,000).

Set out below is a breakdown of the significant investments of the Group as at 31 March 2019 and 2018:

**2019**  
**HK\$'000**

**2018**  
**HK\$'000**

### Current assets

Financial assets at fair value through profit or loss

— Daisho Microline Holdings Limited (SEHK: 0567)	<b>240</b>	5,813
— Xiaomi Corporation (SEHK: 1810)	<b>1,038</b>	—

### As at 31 March 2019

	Number of shares held as at 31 March 2019	Percentage of shareholding as at 31 March 2019	Fair value as at 31 March 2018 HK\$'000	Investment cost during the year ended 31 March 2019 HK\$'000	Investment cost of disposal of shares during the year ended 31 March 2019 HK\$'000	Realized gain/ (loss) for the year ended 31 March 2019 HK\$'000	Unrealized loss for the year ended 31 March 2019 HK\$'000	Net gain/(loss) for the year ended 31 March 2019 HK\$'000	Fair value as at 31 March 2019 HK\$'000	Percentage to the Group's total assets as at 31 March 2019
Daisho Microline Holdings Limited (SEHK: 0567)	1,000,000	0.17%	5,813	—	(2,933)	(2,415)	(225)	(2,640)	240	0.20%
Tencent Holdings Limited (SEHK: 0700)	—	—	—	1,458	(1,489)	31	—	31	—	—
Xiaomi Corporation (SEHK: 1810)	91,200	0.0003%	—	1,469	—	—	(431)	(431)	1,038	0.86%

### 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	Realized gain for the year ended 31 March 2018 HK\$'000	Unrealized 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%	10,400	(3,900)	75	(687)	(612)	5,813	3.91%

## **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 (together, 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 interim report of Daisho Microline for the period ended 31 September 2018, the Daisho Microline Group’s total revenue for the period ended 31 September 2018 was approximately HK\$348 million, representing an increase of 94% as compared with approximately HK\$179 million for the last period. 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 period ended 31 September 2018 was approximately HK\$17 million.

In the third quarter of the current year, the Group started the relocation of its PCB production activities to a newly furnished PCB plant from its industrial complex (the “Property”) in the Huizhou, PRC, which had been disposed of pursuant to the agreement entered into between Daisho Microline Limited and Juko Industrial Limited, wholly-owned subsidiaries of the Company, with an independent third party in August 2018. The relocation of the PCB production activities had nevertheless caused some disruptions in the Group’s production activities, which in turn led to the substantial increase in production costs. Even though the one-off relocation costs had brought about the adverse impact on the gross profit margin, the implementation of the new design of the production line in the new PCB plant and the replacement of certain obsolete machines will greatly improve the production efficiency by reducing the labour and production costs.

### **Xiaomi Corproation**

Xiaomi Corporation (“Xiaomi Corporation”) and its subsidiaries (the “Xiaomi Corporation Group”) are principally engaged in investment holding, sales of smartphones and smart hardware.

Pursuant to the annual report of Xiaomi Corporation for the year ended 31 December 2018, the Xiaomi Corporation Group’s total revenue for the year ended 31 December 2018 was approximately RMB174,915 million (2017: RMB114,625). The increase in revenue was resulted from the Xiaomi Corporation Group more revenue contributed from the sales of smartphones. The Xiaomi Corporation Group’s net profit for the year ended 31 December 2018 was approximately HK\$13,477 million.

Going forward, the Xiaomi Corporation Group will continue to i) invest in innovation, quality control and supply chain management; ii) promote multi-brand strategy and iii) explore the global markets and replicate the success in other key markets such as India.

## **MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES**

During the year ended 31 March 2019, the Group did not have significant investments or material acquisitions or disposals.

During the year ended 31 March 2018, the Group have the following acquisition of a subsidiary.

### **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 2019, the Group’s property, plant and equipment with an aggregate carrying value of approximately HK\$52,200,000 (2018: HK\$53,280,000) 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 105 (2018: 128) full-time employees (including directors) in Hong Kong and the PRC as at 31 March 2019.

During the year, the Group incurred total staff costs (including Directors’ emoluments) of approximately HK\$26,635,000 (2018: HK\$27,707,000).

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 2019. 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 2019.

## **AUDIT COMMITTEE**

The annual results announcement of the Group for the year ended 31 March 2019 have been reviewed by the audit committee of the Company.

## **EVENT AFTER REPORTING PERIOD**

On 17 April 2019, the Company granted 17,160,000 share options to eligible participants of the Company under the share option scheme adopted by the Company on 4 September 2014. The share options granted shall vest in the grantees in accordance with the timetable, each with an exercise period commencing from the relevant share option vesting date and ending on 3 September 2024. For details, please refer to the announcement dated 17 April 2019.

## **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 2019.

## **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 2019, 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, continue 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.

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

Hong Kong, 25 June 2019

*As at the date of this announcement, the executive Directors are Ms. Lo Yuk Yee and Mr. Lee Yu Chung, 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](http://www.hkgem.com) for at least seven days from the day of its posting and on the website of the Company at [www.finet.hk](http://www.finet.hk)*