



財華社  
FINET

**Finet Group Limited**

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

• BEIJING • SHENZHEN • HONG KONG

# MOVING FORWARD

ANNUAL REPORT 2019/2020

## **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.**

**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.**

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

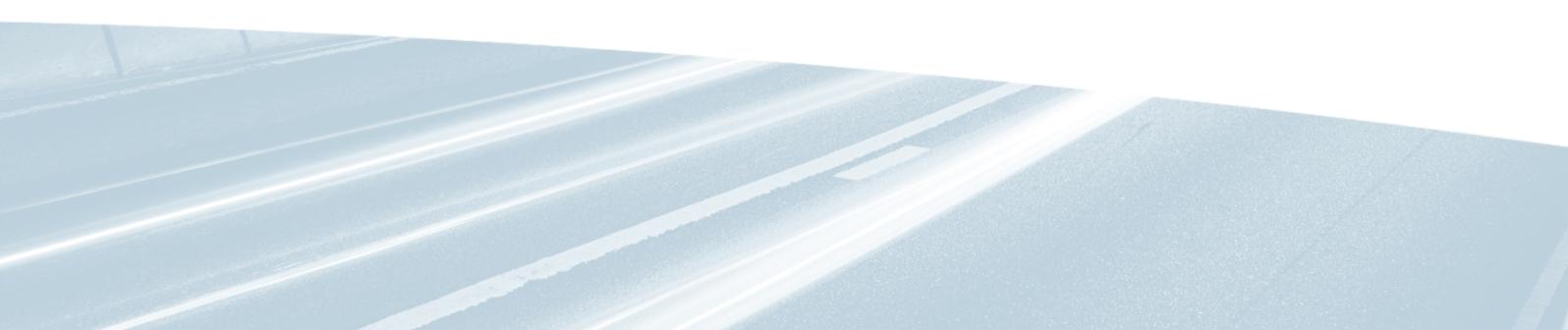
*This annual report, for which the directors (the “Directors”) of Finet Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“GEM Listing Rules”)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



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## Corporate Profile

The Company was incorporated in the Cayman Islands. The Company was deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda in June 2011. The shares of the Company are listed on GEM of the Stock Exchange (stock code: 08317). The major business segments of the Company together with its subsidiaries (the “Group”) are principally engaged in (i) the provision of financial information; (ii) advertising, financial public relationship service (including media business); (iii) the securities and futures business that specializes in the provision of online securities and futures trading; (iv) money lending business; and (v) property investments.

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





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# Corporate Information

## Board of Directors

### Executive Directors

Ms. LO Yuk Yee

*(Chairman and Chief Executive Officer)*

Mr. LEE Yu Chung

### Independent Non-executive Directors

Mr. WONG Wai Kin

Mr. SIU Siu Ling, Robert

Mr. LEUNG Chi Hung

### Audit Committee

Mr. WONG Wai Kin *(Chairman)*

Mr. SIU Siu Ling, Robert

Mr. LEUNG Chi Hung

### Remuneration Committee

Mr. SIU Siu Ling, Robert *(Chairman)*

Mr. WONG Wai Kin

Ms. LO Yuk Yee

### Nomination Committee

Ms. LO Yuk Yee *(Chairman)*

Mr. WONG Wai Kin

Mr. SIU Siu Ling, Robert

### Corporate Governance Committee

Mr. LEUNG Chi Hung *(Chairman)*

Mr. WONG Wai Kin

Mr. SIU Siu Ling, Robert

### Company Secretary

Mr. YEUNG Ming Kong, Kenneth (appointed on  
24 January 2020)

Mr. CHOW Tsz Lun, Aaron (appointed on 6 June 2019  
and resigned on 24 January 2020)

### Authorized Representatives

Ms. LO Yuk Yee

Mr. LEE Yu Chung (appointed on 6 June 2019)

Ms. Wong Wai Ying (resigned on 6 June 2019)

### Legal Advisors

Fan Wong & Tso

## Auditors

HLB Hodgson Impey Cheng Limited  
*Certified Public Accountants*

## Registered Office

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

## Head Office and Principal Place of Business in Hong Kong

30/F, Fortis Tower

77-79 Gloucester Road, Wanchai

HK

## Company Website

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

## Principal Banker

The Hongkong and Shanghai Banking  
Corporation Limited

## Stock Code

08317

## Investor Relations

Email: [ir@finet.com.hk](mailto:ir@finet.com.hk)

Website: <http://ir.finet.hk/>

# Financial Highlights

## Year ended 31 March

	2020	2019
	HK\$'000	HK\$'000

### Operating results

Revenue	25,991	19,637
Loss attributable to owners of the Company	(20,293)	(28,870)
Profit attributable to non-controlling interests	1,055	777

## As at 31 March

	2020	2019
	HK\$'000	HK\$'000

### Financial position

Total assets	112,143	120,723
Total liabilities	56,032	52,381
Net assets	56,111	68,342
Cash and cash equivalents	8,296	12,749

## Year ended 31 March

	2020	2019
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### Loss per share for loss attributable to owners to the Company during the year

Basic and diluted (HK dollar per share)	(0.03)	(0.04)
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# Statement from the Chairman

I am pleased to present our annual report for the year ended 31 March 2020 to our shareholders.

## Business Review and Outlook

We are an integrated platform hosting news media, public relationship, social networking services for listed companies and investors. We have 5 operation units, Finet.hk, FinTV.hk, Fin.com.cn, FinTV APP, Finet Finance APP which are formed by 3 websites and 2 mobile applications.

Our principle business composed of: (1) Total Solutions for Public Relation Service (Digital Marketing, Public relationship, Events Management); (2) Total Solutions for Advertising Service (Digital Advertisement, Financial News Contents distribution on different portals in Mainland China). Our principle areas for our advertisement placement are scattered around in the main cities of China, Hong Kong and South East Asia.

Our business has been increased from HK\$19,000,000 to HK\$25,990,000. Which has approximately 30% increase and it is composed of HK\$23,700,000 from Digital Marketing, Financial public relationship and online Conference and Events; and, HK\$3,300,000 from the service fees from providing professional research capabilities and data contents to Hong Kong Top 100 Listed Companies Research Center.

Our primary focus of our operations is in Financial P R and branding for listed companies. Through an array of new media facilities we controlled our operating costs and improved our operation efficiency. Through the distribution of high quality contents we have obtained a general recognition of our services in the market.

## Customers Review

We have more than 400 clients, and they are mainly institutional clients come from Financial P R Agency and Listed Companies in Hong Kong.

## Business Review

Resulting from the impact of Covid-19, the number of newly listed companies was reduced in 2019 to 2020. We have only secured 89 new IPO clients. The outbreak of Covid-19 has brought a tremendous impact to the decrease in the number of new IPO clients and to postpone the usage of our products and services.

Through our effort in diversifying our business into new sphere of services, and through adoption of new technology we have been successful in cutting down our human resources cost and expenses to a contained level. In the meantime, we have achieved a sizeable increase in revenue and gained more market shares. The combined effort of diversifying our income stream and reduced our Human Resources cost, we have brought our operation loss down significantly. We have developed our own App and expanded our manpower in Mainland China, we have increased our costs in the I T development and payroll last year.

After many years of improvement and renovation of our business strategies, and wide expansion in partnership development with China giant portals, we have gained a significant popularity in the market of China and gained the highest reception by local financial public relations agencies and become their main agent for public relations clients' contents distribution into the market of China. We did not reduce our spending in incubating professional team in our company in the days during the spread of Covid-19, and this has resulted in the keeping of our professional standards of our contents and services to a satisfying level of our customers.

In the area of contents distribution service, we through our subsidiary, China Hong Kong News Group Ltd. possessed a license granted by the (The Provisions on Administration of Provision of Financial Information Services in China by Foreign Institutions 《外國機構在中國境內提供金融信息服務管理規定》 Cyberspace Administration of China) which has given us a permission to distribute financial contents and data and news into the Mainland China. This has made us the "SuperGateway" for importing financial news contents into the Mainland China. We expect to procure more advertising and promotion services from overseas clients as well as Hong Kong clients.

## Statement from the Chairman

Just when we are doing our traditional promotion and advertising business we have discovered a new challenge in the growing interests in “On Line Advertisement Placement” from customer in small to medium sized market and non-listed companies, We will expand our customers base from listed companies to non-listed companies in our new product: Easy Placement for On Line Advertisement.

Last year we have taken a more aggressive move in the Reform of our infrastructure. We aimed at building a more interactive, automatic, and efficient operating platform. In this year we have entered into many cooperation partnerships with technology companies who has helped us to improve our efficiency in handling massive amount of news contents and writing and effectively connect and engage our contents with the targeted audiences. Besides, we have also entered into many Partnerships with the most popular and highest number of users portals and media platforms, such as: Tencent Portfolio, TouTiao, Sina Finance, NetEase, SnowBall.

Our branding promotion business has been improved a lot in 2019 after we have adopted an array of new services such as short video, and graphic demonstration on top of text of words. This improved revenue has encouraged us to take a big step forward. We decided to implement a new product: Easy On Line Advertisement Placement at a reasonably affordable cost for a higher level of standard of service.

This product will enable small to medium size companies to enjoy rich and wide range of services at a reasonable price. Our customers will dictate the order lists for placement of advertisement to their preferred lists of portals and media platform in China without purchase through the traditional Public Relationship Agency; while the price of the product purchased is only 10% of the market price.

The situation of Covid-19 has been moderated and the business operation is slowly resumed. However, the advertisement spending and business promotion expenditure will continue to be reduced temporarily. But we strongly believed we can defend the business disruption and the related impact on our business result through the launching of this new product.

The News Distribution Permission Licenses, named as: “The Provisions on Administration of Provision of Financial Information Services in China by Foreign Institutions” has empowered us to be the “Super gateway” to the advertising market in Mainland China. This has also enabled us to bring in more overseas clients into China which offers them a huge population of up to 1.4 billion consumers.

We believe this is an opportunity for us and is incomparable to the scale of what we can imagine. We estimated there will be 10 times expansion in our market size. We will focus more in the development of worldwide customers outside of Hong Kong. This is obviously a great opportunity for us to evolve into a new business sphere for serving overseas small to medium sized customers.

I hope we can become a trustworthy partner with most of the international media players.

I will be persistent in my hope wishing our company to become a more solid integrated platform featuring news media, public relationship and promotion service and continue to be one of the most reliable platforms in the eyes of our audience in Mainland China.

I have to thank all our colleagues who have been working hard to make our company successful and our clients who has been supporting us all these years, and the platforms in China who has nurtured our growth and given us the total size of accumulated audience of 2 billion all these years.

**Lo Yuk Yee**  
*Chairman*

30 June 2020

# 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.

## Effect on the Group of Novel Coronavirus (“COVID-19”)

Since the beginning of 2020, the COVID-19 epidemic has caused a significant impact on Hong Kong and other countries in the world. Governments in different countries have adopted a series of prevention and control measures, including the regional traffic control, restrictions or suspension of sports activities and entertainment. The World Health Organization (“WHO”) has also alerted that the COVID-19 might become an epidemic. Under this circumstance, resumption of global economies were delayed and interrupted, as a results of the COVID-19 outbreak, the numbers of initial public offering in Hong Kong was decreased, certain clients postponed their advertising and investor relationship service accordingly. However, we work closely with our customers and have caught the opportunities from providing online results announcement for listed companies.

## 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 TV”). In addition to the production and distribution of programmes through the branding “FinTV”; Xian Dai TV 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 Group holds Money Lenders Licence to engage in money lending business for providing loan and financing to customers. Due to the social unrest in Hong Kong since the second half year of 2019, and Hong Kong economy become unstable, in order to minimize the default risk of loan receivable, we need to tighten our internal works of credit control measurement, and the difficulties in granting loan became higher. During the year under review, no new loan was granted by the group. No interest income was derived from providing loan and finance to customers for the year ended 31 March 2020 (2019: approximately HK\$263,000).

## 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.

## Management Discussion and Analysis

### Securities Brokerage and Assets Management Business

The Group through its wholly-owned subsidiary, Finet Securities Limited, holds licence under the Securities and Futures Ordinance ("Licence"), to engage in Type 1, 4 and 9 regulated activities. During the year under review, the Group surrendered the Securities and Futures Commission the Licence of Type 2 regulated activities — Dealing in futures contracts. Thus the Group can focus on securities brokerage, placing and underwriting and asset management business.

The commission and brokerage fee from securities dealing for the year ended 31 March 2020 was approximately HK\$6,000 (2019: approximately HK\$274,000).

As at 31 March 2020, the total value of asset under management maintained by the subsidiary was approximately HK\$19 million.

### Financial Review

Revenue of the Group for the year ended 31 March 2020 was approximately HK\$25,991,000 (2019: approximately HK\$19,637,000), which represented an increase of approximately 32.4% as compared to the previous financial year. The net increase was primarily attributable to the increase in income from financial information services, advertising and investor relationship services of approximately HK\$6,806,000.

Other income of the Group for the year ended 31 March 2020 was approximately HK\$3,885,000 (2019: other losses approximately HK\$256,000). The increase in other income was mainly due to: (i) an increase in income from sharing of administrative expenses of approximately HK\$1,568,000; and (ii) decrease in fair value loss on financial assets at fair value through profit or loss of approximately HK\$2,840,000.

Cost of sales of the Group for the year ended 31 March 2020 was approximately HK\$1,876,000 (2019: approximately HK\$2,201,000), which represented a decrease of approximately 14.8% as compared to the previous financial year.

General and administrative expenses of the Group for the year ended 31 March 2020 were increased by approximately HK\$1,773,000 to approximately HK\$46,014,000 (2019: approximately HK\$44,241,000), representing an increase of approximately 4.0% as compared to the previous financial year. The increase was mainly due to the net effect of (i) a decrease in the rental expenses in the PRC office and the studios located in Hong Kong of approximately HK\$1,508,000 during the year; (ii) decrease in the employee benefit expense (excluding the effect of HK\$360,000 of the fair value of share option expenses recognized for the year end 31 March 2020) of approximately HK\$833,000, and the absent of the reversal of impairment loss of contract assets of HK\$4,868,000 as compared to the figures recorded for the year ended 31 March 2019.

Finance costs for the year ended 31 March 2020 were approximately HK\$556,000 (2019: approximately HK\$491,000), which represented the interest charged on bank loans for the properties, plant and equipment in Hong Kong of approximately HK\$505,000 (2019: approximately HK\$491,000).

Hong Kong taxation expenses for the year ended 31 March 2020 were approximately HK\$268,000 (2019: Nil). Approximately HK\$169,000 was paid during the year ended 31 March 2020 (2019: approximately HK\$158,000) for income tax on rental income for the investment properties of the Company in the PRC. The deferred tax credit of approximately HK\$124,000 (2019: deferred tax charges of approximately HK\$21,000) was mainly attributable to properties, plant and equipment in Hong Kong during the year.

## Management Discussion and Analysis

Loss after tax for the year ended 31 March 2020 was approximately HK\$19,288,000 (2019: approximately HK\$28,093,000). The significantly dropped in loss for the year ended 31 March 2020 was mainly attributable to (i) an net increase in income from financial information services, advertising and investor relationship services of approximately HK\$6,806,000; (ii) a decrease in fair value loss on financial assets at fair value through profit or loss of approximately HK\$2,840,000; and (iii) a decrease in the rental expenses in PRC office and studio in Hong Kong totally amounting of approximately HK\$1,508,000 as compared to the figures recorded for the year ended 31 March 2019.

Profit attributable to non-controlling interests of approximately HK\$1,005,000 in 2020 (2019: profit attributable to non-controlling interests approximately of HK\$777,000) 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 2020 was approximately HK\$20,293,000 (2019: approximately HK\$28,870,000).

### Liquidity, Financial Resources and Capital Structure

	As at 31 March		
	2020 HK\$'000	2019 HK\$'000	change
Net current assets	<b>1,515</b>	4,373	(65.4%)
Total assets	<b>112,143</b>	120,723	(7.1%)
Total liabilities	<b>56,032</b>	52,381	7.0%
Total equity	<b>56,111</b>	68,342	(17.9%)
Cash and cash equivalents	<b>8,296</b>	12,749	(34.9%)
Debts to equity ratio	<b>1.0x</b>	0.8x	30.3%
Gearing ratio	<b>0.50x</b>	0.43x	15.2%

As at 31 March 2020, the total assets of the Group decreased by approximately HK\$8,580,000 to approximately HK\$112,143,000 as compared to approximately HK\$120,723,000 as at the end of the previous financial year, representing a decrease of approximately 7.1%.

As at 31 March 2020, the total liabilities of the Group increased by approximately HK\$3,651,000 to approximately HK\$56,032,000 as compared to approximately HK\$52,381,000 as at the end of the previous financial year, representing an increase of approximately 7.0%.

As at 31 March 2020, the total equity of the Group decreased by approximately HK\$12,231,000 to approximately HK\$56,111,000 as compared to approximately HK\$68,342,000 as at the end of the previous financial year, representing a decrease of approximately 17.9%.

## Management Discussion and Analysis

### Gearing Ratio

As at 31 March 2020, the Group's gearing ratio was approximately 43% (2019: 48%), based on total borrowings of approximately HK\$12,603,000 (2019: approximately HK\$14,436,000) and the loans from shareholder of approximately HK\$22,296,000 (2019: approximately HK\$14,725,000) and total equity of the Group of approximately HK\$56,111,000 (2019: HK\$68,342,000).

### Investment Holding

As at 31 March 2020, the Group held financial assets at fair value through profit or loss of approximately HK\$1,013,000 (2019: approximately HK\$1,278,000) representing highly liquid equity securities listed in the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The value of portfolio of listed equity as of 31 March 2020 was approximately HK\$1,013,000 (2019: approximately HK\$1,278,000), the investment represented approximately 0.9% of the Group total assets as at 31 March 2020 (2019: 1.06%). Net fair value loss on financial assets at fair value through profit or loss for the year ended 31 March 2020 was approximately HK\$201,000 (2019: approximately HK\$3,041,000).

### Material Acquisition and Disposal of Subsidiaries

During the year ended 31 March 2020 and 2019, the Group did not have significant investments or material acquisitions or disposals.

### Charges of Assets

As at 31 March 2020, the Group's property, plant and equipment with an aggregate carrying value of approximately HK\$51,120,000 (2019: approximately HK\$52,200,000) was pledged as security for the borrowing facilities of the Group.

### Exposure to Fluctuation in Exchange Rates

The Group holds investment properties which denominated in RMB. 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 84 (2019: 105) full-time employees (including directors) in Hong Kong and the PRC as at 31 March 2020.

During the year, the Group incurred total staff costs (including Directors' emoluments) of approximately HK\$26,162,000 (2019: approximately HK\$26,635,000).

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.

## Management Discussion and Analysis

### Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 March 2020 (2019: Nil).

### Event After Reporting Period

After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the globe. The Company is paying close attention to the development of, and the disruption to business and economic activities caused by, the COVID-19 outbreak and evaluate its impact on the Company's result of operations, cash flows and financial condition. Given the dynamic nature of the COVID-19 outbreak, it is not practicable to provide a quantitative estimate of the potential impact of this outbreak. As at the date on which the publication of the annual report is approved, the Board was not aware of any material adverse impact on the consolidated financial statement as a result of the COVID-19 outbreak.

### Disclosure Under Chapter 17 of the GEM Listing Rules

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

### Prospect

The outbreak of COVID-19 in early 2020 severely affected the economic activities in PRC and even the whole world and reduced demand from freezing of marketing spend. The financial market is expected to be challenging in coming year.

We will continue to allocate our resources to strengthen our leading position in providing financial news services. With our competitive edge and strength arising from our integrated multiple platforms in our three vertical websites and two mobile App (Finet.hk, FinTV.hk, Fin.com.cn, FinTV APP, Finet Finance APP), we can achieve a further improvement in our market share in the media industry in China and Hong Kong, and further strengthen our Digital marketing business development.

We will continue to strengthen our sales and marketing team to boost and diversify the Group revenue. 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; and (6) online results announcement.

Our outstanding FinTV production team will continue to support the growth and expansion of our IR business.

The Group continues to host the TOP 100 HK awards Ceremony events that created a strong foundation for us to develop the event management business and to achieve lots of reputation and recognition in China included Hong Kong.

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,

# Board of Directors

## Executive Directors

### **Ms. LO Yuk Yee (“Ms. LO”)**

Ms. LO, aged 60, is an experienced investor in cutting-edge technology and venture capital in the past 25 years, her experience covers a broad range of industries crossing biotechnology, internet business, and finance field in the PRC, United States of America and Hong Kong. Ms. LO also worked in the banking, insurance and finance fields before she became an entrepreneur.

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

### **Mr. LEE Yu Chung (“Mr. LEE”)**

Mr. LEE, aged 60, the Head of IT of the Company, has over 29 years of experience in areas of IT Management, Enterprise Level Project Management, Business Reengineering, IT Consulting and Solutions Selling. He graduated with Bachelor of Computer Science degree from Queen Mary College, University of London. He holds a Master degree in Business Administration from Asia International Open University (Macau) (renamed as City University of Macau) by distance learning. Mr. LEE joined our Group in July 2011 as Head of IT of the Company and subsequently appointed as the Head of Internal Audit for the period from June 2016 to February 2019.

## Board of Directors

### **Independent non-executive Directors**

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

Mr. W.K. WONG, aged 62, is a practising certified public accountant and a proprietor of a public accounting firm in Hong Kong. Mr. W.K. WONG holds a Diploma in Accounting and is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. W.K. WONG has over 33 years of professional and commercial experience in accounting, auditing, taxation and corporate finance. Mr. W.K. WONG joined our Group on 13 September 2010.

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

Mr. SIU Siu Ling, Robert (“Mr. Siu”), aged 68, has been appointed as independent non-executive Director of the Company with effect from 13 September 2010. He is a sole proprietor of the firm, Messrs. Robert Siu & Co., Solicitors. He is an independent non-executive director of Future World Financial Holdings Limited (formerly known as Central Wealth Financial Group Limited) (stock code: 0572), a company listed on the Main Board of the Stock Exchange, and independent non-executive director of Kaisun Energy Group Limited (stock code: 8203) is listed on the Growth Enterprise Market of the Stock Exchange. Mr. Siu was a director of MBMI Resources Inc. during the period from November 2012 to March 2015, a company listed on the Toronto Stock Exchange. Mr. Siu holds a bachelor’s degree in laws from University of London in the United Kingdom and a postgraduate certificate in laws from The University of Hong Kong and a master degree in laws from University of Greenwich. He has been admitted as a solicitor in Hong Kong since 1992 and has been admitted as a solicitor in England and Wales since 1993. His legal practice is mainly in the field of commercial and corporate finance.

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

Mr. C.H. LEUNG, aged 64, has commenced his accountancy professional training since 1976 and is a member of certain international accountancy bodies. Mr. C.H. LEUNG is also a Certified Public Accountant (Practising) in Hong Kong and a director of Philip Leung & Co. Limited, Certified Public Accountants (Practising). He is an independent non-executive director of WT Group Holdings Limited (stock code: 8422) from 1 December 2017 onwards. He is an independent non-executive director of Daido Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 544). Mr. C.H. LEUNG also became an independent non-executive director of eForce Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 943), on 13 December 2013. Mr. C.H. LEUNG is also an independent non-executive director of REF Holdings (stock code: 1631). He was an independent non-executive director of China Investment Development Limited (formerly known as Temujin International Investments Limited), a company listed on the Main Board of the Stock Exchange (stock code: 204) from 30 April 2009 to 11 April 2011. He was an independent non-executive director of Sino Credit Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 628) from 17 April 2002 to 1 June 2010. Mr. C.H. LEUNG joined our Group on 23 February 2011.

# Corporate Governance Report

## Corporate Governance Practice

The Board is committed to maintaining a high standard of corporate governance. The corporate governance principles of the Company emphasize a quality board, sound internal control, transparency and accountability to all shareholders.

The Board has reviewed the Company's corporate governance practices and is of the opinion that the Company has met the provisions set out in the Corporate Governance Code ("CG Code"), contained in Appendix 15 to the GEM Listing Rules during the year ended 31 March 2020, except for the following deviation:

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

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

## Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31 March 2020. 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 2020.

## The Board

The composition of the Board during the year ended 31 March 2020 and as at the date of this report and the biographical details of the Directors as at the date of this report are set out in the section headed "Report of the Directors" and the section headed "Board of Directors and Senior Management" of this annual report respectively.

## Corporate Governance Report

During the year ended 31 March 2020, the Board held six physical meetings and the attendance of the Directors are as follows:

<b>Name of directors</b>	<b>Number of attendance</b>	<b>% of attendance</b>
<b>Executive Directors</b>		
Ms. LO Yuk Yee	6/6	100%
Mr. LEE Yu Chung	6/6	100%
<b>Independent non-executive Directors</b>		
Mr. WONG Wai Kin	6/6	100%
Mr. SIU Siu Ling, Robert	6/6	100%
Mr. LEUNG Chi Hung	6/6	100%

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

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

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

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

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

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

### Audit Committee

The Board established an Audit Committee with written terms of reference in accordance with Rule 5.28 of the GEM Listing Rules. During the year ended 31 March 2020, the audit committee comprised of three members who are independent non-executive Directors, namely, Mr. WONG Wai Kin, Mr. SIU Siu Ling, Robert and Mr. LEUNG Chi Hung (with Mr. WONG Wai Kin as the chairman thereof).

The principal duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Company.

## Corporate Governance Report

The Audit Committee met four times during the year ended 31 March 2020 and the attendance of the members are as follows:

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

During the year ended 31 March 2020, the Audit Committee discharged its duties by reviewing the financial matters, quarterly, interim and annual financial reports and financial statements as well as audit matters of the Company, discussing with executive Directors, management and the auditors of the Company, and making recommendations to the Board.

The audited consolidated financial statements of the Group for the year ended 31 March 2020 have been reviewed by the Audit Committee.

The consolidated financial statements for the year ended 31 March 2020 were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting of the Company. The Audit Committee has recommended to the Board that HLB Hodgson Impey Cheng Limited be reappointed as the auditors of the Company at the forthcoming annual general meeting of the Company.

### Remuneration Committee

During the year ended 31 March 2020, the Remuneration Committee of the Company comprised of the executive Director, Ms. LO Yuk Yee and two independent non-executive Directors, namely, Mr. WONG Wai Kin and Mr. SIU Siu Ling, Robert (with Mr. SIU Siu Ling, Robert as the chairman thereof). The principal responsibilities of the Remuneration Committee include the formulation of the Company's remuneration policy, the approval or recommendation to the Board on remuneration packages for the Directors and the senior management, and the review and approval of performance-based remuneration by reference to corporate goals and objectives.

According to the terms of reference, the Remuneration Committee should meet at least once a year. The Remuneration Committee met one time during the year ended 31 March 2020 in which the Remuneration Committee reviewed the remuneration policy of the Company and the performance of the executive Directors and the attendance of the members are as follows:

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

## Corporate Governance Report

### Nomination Committee

During the year ended 31 March 2020, the Nomination Committee comprised of the executive Director, Ms. LO Yuk Yee and two independent non-executive Directors, namely Mr. SIU Siu Ling, Robert and Mr. WONG Wai Kin (with Ms. LO Yuk Yee as the chairman thereof). The principal responsibilities of the Nomination Committee include, amongst other things, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy.

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

According to the terms of reference, the Nomination Committee should meet at least once a year. The Nomination Committee met one time during the year ended 31 March 2020 and the attendance of the members are as follows:

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

### Corporate Governance Committee

During the year ended 31 March 2020, the Corporate Governance Committee comprised of three independent non-executive Directors, namely Mr. LEUNG Chi Hung, Mr. SIU Siu Ling, Robert and Mr. WONG Wai Kin (with Mr. LEUNG Chi Hung as the chairman thereof).

The Corporate Governance Committee is responsible for performing the corporate governance duties including:

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

## Corporate Governance Report

According to the terms of reference, the Corporate Governance Committee should meet at least once a year. The Corporate Governance Committee met one time during the year ended 31 March 2020 and the attendance of the members are as follows:

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

### **Board Diversity Policy**

The Company has adopted the Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

At present, the Nomination Committee considered that the Board is sufficiently diverse and the Board has not set any measurable objectives.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

### **Director Nomination Policy**

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee.

The Company has adopted the Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

## Corporate Governance Report

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

### Directors' Training and Professional Development

Every Director keeps abreast of responsibilities as a Director of the Company and of the conduct business activities and development of the Company. Every newly appointed Director is provided with an induction on the first occasion of his/her appointment to ensure that he/she has adequate understanding of the businesses and operations of the Group. The Directors are also kept informed on a timely basis of their responsibilities and obligations under the Listing Rules, as well as other relevant statutory or regulatory requirements. The Company also encourages its Directors to participate in other continuous professional development programmes for directors. All Directors are committed to comply with the CG Code on Directors' training for the year ended 31 March 2020.

The company secretary of the Company (the "Company Secretary") maintains records of training attended by the Directors. The Directors participated in continuous professional development by reading materials on the following topics to develop and refresh their knowledge and skills during the year ended 31 March 2020:

<b>Directors</b>	<b>Corporate Regulation Newsletters</b>	<b>FAQ on GEM Listing Rules</b>
<b>Executive Directors</b>		
Ms. LO Yuk Yee	√	√
Mr. LEE Yu Chung	√	√
<b>Independent Non-Executive Directors</b>		
Mr. SIU Siu Ling, Robert	√	√
Mr. WONG Wai Kin	√	√
Mr. LEUNG Chi Hung	√	√

## Corporate Governance Report

### Auditors' Remuneration

In line with the sound practice that the independence of external auditors should not be impaired by other non-audit assignments, the Group ensures that assignments other than statutory audits undertaken by external auditors should not have an adverse impact on their independence. For the year ended 31 March 2020, the auditors of the Company received approximately HK\$565,000 for audit service and Nil for non-audit services.

### Directors' Responsibility for the Consolidated Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 March 2020.

### Company Secretary

Mr. Yeung Ming Kong, Kenneth ("Mr. Yeung") was appointed as the company secretary at 24 January 2020. In his capacity acting as the company secretary of the Company, Mr. Yeung is responsible for company secretarial works. Mr. Yeung has taken not less than 15 hours of relevant professional training and in compliance with Rule 5.15 of the GEM Listing Rules.

### Risk Management and Internal Control

The Board is responsible for evaluating and determining the nature and extent of the risks and it is willing to take in achieving the Group's strategic objectives and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems and reviewing their effectiveness. The Board is also responsible for overseeing the design, implementation and monitoring of the risk management and internal control systems. The risk management and internal control systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operating systems or in achievement of the Group's business objectives.

The Board, through the Audit Committee, conducts a review of the effectiveness of the Group's risk management and internal control systems. It covers all material controls, including financial, operational and compliance controls, on an annual basis. It also considers the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting and financial reporting function.

Under the enterprise risk management framework, policies and procedures are in place to identify, assess, manage, control and report risks. Such risks include strategic, credit, operational (administrative, system, human resources, reputation), market, liquidity, legal and regulatory risks. Exposure to these risks is continuously monitored by the Board through the Audit Committee.

The internal control system includes a defined management structure with specified limits of authority. The Board has clearly defined the authorities and key responsibilities of each division to ensure adequate checks and balances. The internal control system has been designed to safeguard the Group's assets against authorized use of disposition, to ensure the maintenance of proper accounting records for producing reliable financial information, and to ensure compliance with applicable laws, regulations and industry standard.

To assist the Board in its monitoring control function, an internal audit function ("Internal Audit") provide an independent appraisal and assurance of its internal governance process, effectiveness of the risk management framework, methodology, together with the control activities in the Group's business operations.

To ensure the independence of the Internal Audit, the internal audit function reports directly to the Audit Committee on audit matters.

## Corporate Governance Report

Internal Audit performs its independent reviews of different financial, business and functional operations and activities using a risk based approach to focus on areas of major risks as identified by a comprehensive risk analysis. Division or department heads and the management concerned will be notified of all control deficiencies for rectification within a set time frame.

During the year under review, the Board has reviewed the effectiveness of the internal control system of the Group and there were no major issue identified by the Audit Committee and Internal Audit. The Board is of the view that the enterprise risk management and internal control systems in place for the year and up to the date of issuance of the annual report is effective and adequate.

### Shareholders' Rights

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

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

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

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

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

### Investor Relations and Communication

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

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

### Policy relating to shareholders

The Company has adopted a dividend policy (the "Dividend Policy") on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the shareholders' approval.

# Report of the Directors

The Directors present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2020.

## Principal Activities

The Company is an investment holding company. The principal activities and other particulars of its subsidiaries are set out to Note 20 to the consolidated financial statements.

## Business Review

The business review of the Group for the year ended 31 March 2020 is set out in the section headed Management Discussion and Analysis on pages 9 to 13 of this annual report.

## Principal Properties

Please refer to Note 15 and 16 of the consolidated financial statements for principal properties of the Group.

## Properties Include

No	Property
1	Investment Property 12A03 and 12A04, Anlian Plaza, Junction of Jintian Road and Fuzhong San Road, Futian District, Shenzhen City, Guangdong Province, the People's Republic of China
2	Property, Plant and Equipment-Land and Buildings Commercial Property occupied by the Group as office Unit C, 11/F, Bank of East Asia Harbour View Center, Hong Kong

## Principal Risks and Uncertainties facing by the Group

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

In order to deal with this challenge, FinTV will continue to improve our mobile apps (e.g. in terms of quality, numbers of program offered etc.) so that we can attract more audience to view our program.

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

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

## Report of the Directors

### **Compliance with the relevant laws and Regulations**

During the year, as far as the Board is aware, the Group has complied with the relevant laws and regulations.

The Group will seek for professional legal opinion from its external legal advisors when necessary to ensure that the Group's transactions and business are in conformity with all applicable laws and regulations.

### **Auditors' letter on Disclosed Continuing Connected Transactions**

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

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

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

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

### **Results and Appropriations**

Details of the Group's results for the year ended 31 March 2020 are set out in the consolidated income statements on page 47.

The Board does not recommend the payment of dividend for the year ended 31 March 2020 (2019: Nil).

### **Group Financial Summary**

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

### **Distribution Reserves**

The Company had reserves of approximately HK\$26,364,000 (2019: HK\$39,931,000) available for dividend distribution to shareholders as at 31 March 2020.

### **Share Capital**

Details of movements in share capital of the Company are set out in Note 31 to the accompanying consolidated financial statements.

### **Purchase, Sale or Redemption of Listed Shares**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the year ended 31 March 2020.

### **Pre-emptive Rights**

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

### **Subsidiaries**

Particulars of the Company's subsidiaries are set out in Note 20 to the accompanying consolidated financial statements.

## Report of the Directors

### **Borrowing and Interest Capitalized**

Particulars of borrowing of the Group as at 31 March 2020 are set out in Note 29 to the accompanying consolidated financial statements. No interest was capitalized by the Group during the year (2019: Nil).

### **Sufficiency of Public Float**

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

### **Biographical Details of Directors and Senior Management**

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

### **Permitted Indemnity Provision**

Pursuant to the Articles, the Directors and other officers, for the time being acting in relation to the affairs of the Company, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty.

### **Directors**

The Directors who held office during the year ended 31 March 2020 were:

#### *Executive Directors*

Ms. LO Yuk Yee

Mr. LEE Yu Chung

#### *Independent Non-executive Directors*

Mr. WONG Wai Kin

Mr. SIU Siu Ling, Robert

Mr. LEUNG Chi Hung

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

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

Details of the Directors' emoluments and of the five highest paid individuals in the Group are set out in Note 13 and Note 14 to the accompanying consolidated financial statements respectively.

### **Directors' Service Agreements**

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

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

## Report of the Directors

### Interest in Shares and Underlying Shares

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

As at 31 March 2020, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO, as recorded in the register required to be kept under section 352 of the SFO) or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

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

Name of Director	Name of Group member/ associated corporations	Number of shares and capacity in which the shares were held		Number of underlying shares and capacity in which the shares were held		Total number of shares	% of shares in issue (Note 3)
		Beneficial owner	Interest of controlled corporation	Beneficial owner (Note 2)	Interest of controlled corporation		
<b>Executive Directors:</b>							
Ms. LO Yuk Yee ("Ms. LO")	The Company	43,458,058 (L)	391,597,678 (L)	660,000	—	—	65.37%
Ms. LO	Maxx Capital International Limited ("Maxx Capital") (Note 1)	—	2 shares of US\$1 each	—	—	2 shares of US\$1 each	100%
Ms. LO	Pablos International Limited ("Pablos") (Note 1)	1,000 shares of US\$1 each	—	—	—	1,000 shares of US\$1 each	100%
Mr. LEE Yu Chung ("Mr. Lee")	The Company	—	—	2,000,000	—	—	0.3%

(L) denotes long positions

#### Notes:

- 343,997,678 ordinary shares of HK\$0.01 each were held by Maxx Capital International Limited ("Maxx Capital") which was wholly-owned by Pablos International Limited ("Pablos"), and Pablos was wholly owned by Ms. LO Yuk Yee, ("Ms. LO"). Accordingly, Ms. LO were deemed by virtue of the SFO to be interested in 435,055,736 ordinary shares of HK\$0.01 each.
- Ms. LO and Mr. Lee were granted 660,000 and 2,000,000 share options respectively during the year ended 31 March 2020 under the share option scheme of the Company adopted on 4 September 2014 and deemed to be interested in 600,000 and 2,000,000 respectively underlying in respect of the share options granted.
- As at 31 March 2020, the Company had 666,538,774 ordinary shares of HK\$0.01 each in issue.

Save as disclosed above, as at 31 March 2020, none of the Directors or chief executive of the Company nor their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

## Report of the Directors

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

As at 31 March 2020, so far as the Directors are aware, persons other than Directors or chief executive of the Company who have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, were as follows:

#### Long Positions in the Shares

##### Long Positions in the Shares and Underlying Shares of the Company

Name of Shareholders	Capacity	Number of Shares held	Number of Underlying Shares held	Total Number of Shares	Approximate percentage of existing shareholding (Note 2)
<b>Substantial shareholders</b>					
Ms. LO (Note 1)	Beneficial Owner	43,458,058 (L)	660,000	435,715,736 (L)	65.37%
	Interest of Controlled Corporation	391,597,678 (L)			
Pablos (Note 1)	Interest of Controlled Corporation	343,997,678 (L)	—	343,997,678 (L)	51.61%
Maxx Capital (Note 1)	Beneficial Owner	343,997,678 (L)	—	343,997,678 (L)	51.61%
Broadgain International Limited	Beneficial Owner	43,800,000 (L)	—	43,800,000 (L)	6.57%
WANG Yuan	Beneficial Owner	39,000,000 (L)	—	39,000,000 (L)	5.85%

(L) denotes long positions

Notes:

- 343,997,678 ordinary shares of HK\$0.01 each were held by Maxx Capital, which was wholly-owned by Pablos and Pablos was wholly-owned by Ms. LO, a director of the Company. Ms. LO is a director of each of Maxx Capital and Pablos.
- As at 31 March 2020, the Company had 666,538,774 ordinary Shares held HK\$0.01 each in issue.

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

Save as disclosed above, the Directors are not aware of other person who, as at 31 March 2020, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

As at 31 March 2020, the Company did not have any outstanding warrants.

### Directors' Interests in Arrangement, Transaction or Contracts of Significance

Save as disclosed in this annual report, there was no arrangements, transaction or contract of significance in relation to the Group's business to which the Group was a party and in which any of the Directors had a material interests, whether directly or indirectly, subsisted at the end of the year 2020 or at any time during the year (2019: Nil).

### Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealing as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31 March 2020. 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 2020.

## Report of the Directors

### Audit Committee

The audited consolidated financial statements of the Group for the year ended 31 March 2020 have been reviewed by the audit committee of the Company.

### Competing Interests

None of the Directors or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the year ended 31 March 2020.

### Customers and Suppliers

For the year ended 31 March 2020, the five largest customers accounted for approximately 38% (2019: 54%) of the Group's total turnover and the five largest suppliers of the Group accounted for approximately 51% (2019: 58%) of the Group's total cost of sales. The largest customer of the Group accounted for approximately 11% (2019: 15%) of the Group's total turnover while the largest supplier of the Group accounted for approximately 18% (2019: 21%) of the Group's total cost of sales.

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

### Connected Transactions and Continuing Connected Transactions

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

	2020 HK\$'000	2019 HK\$'000
Income from financial information services received from Top 100 Hong Kong Listed Companies Research Centre Company Limited ( <i>Note i</i> )	2,520	2,950
Income from sharing of administrative expenses received from International Links Limited ( <i>Note i</i> )	475	661
Income from sharing of administrative expenses received from Maxx Capital Finance Limited ( <i>Note i</i> )	1,716	1,812
Rental expenses paid to Cyber Feel Limited ( <i>Note i</i> )	3,675	3,962
Rental expenses paid to Great Heep International Investment Limited ( <i>Note i</i> )	—	330
Loan interest income from the Group's subsidiary director ( <i>Note ii</i> )	—	128

## Report of the Directors

*Notes:*

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

## Report of the Directors

### Connected Transaction and Continuing Connected Transactions

#### Services contracts entered with Top 100 Hong Kong Listed Companies Research Centre Company Limited

During the year, Finet News Services Limited, Finet Holdings Limited and Xian Dai Communications Limited, indirectly-owned subsidiaries entered 4 service contracts with Top 100 Hong Kong Listed Companies Research Centre Limited, a company incorporated in Hong Kong and wholly-owned by Ms. LO, in respect of marketing and promotion, editorial services, IT services and event management and news maintenance consultancy services. The Summary of the service contracts details are as follows:

Agreement Date	Contract	Counterparty	Contract Value HK\$
1 April 2019	Marketing and promotion	Xian Dai Communications Limited	1,120,000
1 February 2020	Editorial services	Xian Dai Communications Limited	600,000
1 March 2020	Event management and news maintenance consultancy services	Xian Dai Communications Limited	800,000
		Contract sum	2,520,000

The transactions above constitute connected transactions for the Group. These transactions are De Minimis, non-aggregated and therefore fully exempted from announcement and independent shareholders' approval requirements under the GEM Listing Rules.

#### Management Contracts

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

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

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

## Report of the Directors

### **Corporate Governance**

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

### **Auditors**

The consolidated financial statements for the years ended 31 March 2020, 2019, 2018 were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

**Finet Group Limited**

**LO Yuk Yee**

*Chairman*

Hong Kong, 29 June 2020

# Environmental, Social and Governance Report

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## Environmental, Social and Governance Report

### About This Report

We are pleased to present this report pursuant to the disclosure requirements of the Environmental, Social and Governance Reporting Guide set out in Appendix 20 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited to disclose the Company's and its subsidiaries' (collectively, the "Group") performance in environmental, social and governance aspects during the period from 1 April 2019 to 31 March 2020 (the "Year"). Policies, statements and information set forth in this report cover the Company's headquarter and the subsidiaries under its effective control. The Board considers that a sound environment, a harmonious society and good governance are of utmost importance to the sustainable development of both the Group's business and the community in which we operate. Therefore, the Group is committed not only to enhancing its financial performance but also to implementing various policies and measures to increase its efforts in environmental protection, fulfill its social responsibilities and enhance its governance.

### Stakeholder Engagement

With the aim to align the Group's long term sustainability goals with its current vision and mission, we recognise the importance of integrating our stakeholders' expectations and requests and of truly understanding their concerns.

We actively engage our stakeholders and provide updates on our recent developments through diverse engagement channels. The table below highlights our key stakeholders and our communication channels:

<b>Stakeholder Group</b>	<b>Engagement Channels</b>
Employees	<ul style="list-style-type: none"><li>— Internal emails and publications</li><li>— Internal briefings and Meetings</li><li>— Training</li><li>— Performance appraisal</li></ul>
Clients/Customer	<ul style="list-style-type: none"><li>— Client meetings</li><li>— Corporate website</li></ul>
Investors and Shareholders	<ul style="list-style-type: none"><li>— Press release and announcements</li><li>— Annual, interim and quarterly reports</li><li>— Annual general meeting and general meetings</li><li>— Investors conference</li></ul>
Suppliers, Contractors and Business Partners/Associates	<ul style="list-style-type: none"><li>— Business meeting</li></ul>
Government and Regulators	<ul style="list-style-type: none"><li>— Email and phone and fax communications</li></ul>
Social Groups and Public	<ul style="list-style-type: none"><li>— Email and phone communications</li><li>— Sponsorships and donations</li></ul>
Media	<ul style="list-style-type: none"><li>— Public events</li><li>— Press release</li></ul>

## Environmental, Social and Governance Report

### Materiality Assessment

Through our established engagement channels, we will identify relevant ESG issues and assessed their materiality to our businesses as well as to our stakeholders.

The materiality assessment process is set out as follows:

- i) Identification of potential issues: Screening of initial reference issues with reference to the ESG Guide, and peer benchmarking ideas against suitable peer companies to pinpoint material ESG issues performed.
- ii) Stakeholder evaluation: Internal and external stakeholders, who possess significant dependency of influence on the Company, are invited to rank the importance of each ESG issue via established engagement channels and interviews.
- iii) Prioritisation: The results from issues identification and stakeholder evaluation are combined to generate ESG materiality ranking.
- iv) Validation: The ESG working group of the Company validates and confirms the key material ESG issues, and how they link to the respective Aspects and KPIs of the ESG Guide.

### A. Environmental Protection

The Group upholds its commitment to sustainable development and complies with relevant laws and regulations on environmental protection. We encourage our employees to focus on and enhance their awareness of environmental protection. We strive to reduce the impacts of our operation on the environment and adhere to the principles of green operation and green office. In order to implement these measures, the Group has adhered to the 4R Principles of waste reduction, i.e. Reduce, Reuse, Recycle and Replace.

#### A.1 Emissions

The Group is principally engaged in (i) advertising, financial public relationship service (including media business); (ii) Property Investment Business; (iii) Money Lending Business; (iv) the provision of Financial Information Service; and (v) Securities and Futures Business. Based on the aforesaid, the Group's operations is not expected to have a significant impact on the environment arising from its operating activities and will not generate hazardous pollutants.

In order to minimize hazardous emissions, the Group encourages its employees to:

1. Take public transport instead of driving during travels, whenever possible, to reduce vehicle exhaust emissions;
2. Use telephone or video conferencing to replace business trips as far as feasible to reduce carbon emissions;
3. Take the eco-friendly modes of transportation that have low levels of pollution, such as railway lines, trams, LPG minibuses, etc.; and
4. Use environmentally-friendly cleaning agents to reduce water pollution.

## Environmental, Social and Governance Report

The Group is not aware of any circumstances arising from its business operations leading to significant air pollution, water pollution and land pollution and generation of hazardous waste during the Year.

### **Air Emissions**

Due to our business nature, the Group considers the relevant air emissions generated are not significant.

During the Reporting Period for 2020 and 2019, the greenhouse gas ("GHG") emission from the operation is set out below:

#### *GHG Emission*

	<b>2020</b>	2019
Type of GHG emissions	<b>Equivalent CO<sub>2</sub> emission (kg)</b>	Equivalent CO <sub>2</sub> emission (kg)
Scope 1 Direct emissions	<b>Nil</b>	Nil
Scope 2 Indirect emission	<b>27,892.3</b>	29,027.7
Total	<b>27,892.3</b>	29,027.7
Intensity	<b>332.1 kg/employee</b>	345.6 kg/employee

Note: The calculation of the greenhouse gas is based on the "Corporate Accounting and Reporting Standard" from greenhouse gas protocol.

Scope 1: Direct emission from the vehicles that is owned by the Group

Scope 2: Indirect emissions from the generation of purchased electricity consumed by the Group

Scope 3: Other indirect emission is optional disclosure that the corresponding emission is not controlled by the Group

The Group make efficient use of energy and resources and minimize the impact of the Group activities on the environment and natural resources whilst we grow our business.

Note: The calculation of the greenhouse gas is based on the "Corporate Accounting and Reporting Standard" from greenhouse gas protocol.

Scope 1: Direct emission from the vehicles that is owned by the Group

Scope 2: Indirect emissions from the generation of purchased electricity consumed by the Group

Scope 3: Other indirect emission is optional disclosure that the corresponding emission is not controlled by the Group.

### **Waste Management**

The Group has devoted substantial efforts to waste management by minimising solid waste to landfills through waste reducing, waste reusing and waste recycling. One of the essential measurements is through promoting the importance of waste reduction among the employees of the Group through training and education. Going paperless is always our key message passed to the employees of the Group and they are encouraged to use electronic copies for filing purpose and use recycle papers for printing in order to reduce waste. Our efforts to reduce paper usage include implementing paperless e-Payroll systems.

## Environmental, Social and Governance Report

### **A.2 Use of Resources, the Environment and Natural Resources**

The resources used by the Group for its operations are mainly electricity, water and paper. In order to uphold its commitment to sustainable development, the Group's employees have kept the use of resources to a minimum through various green practices.

#### ***Electricity Consumption:***

1. Use of energy-efficient lights and electrical appliances in office workplace.
2. Staff are encouraged to dress in smart casual and indoor temperature is maintained at around 25.5°C in the summer time.
3. Turn off some lights and air conditioning during lunch hours and non-office hours.
4. Enable the "Standby" or "Sleep" mode of personal computers.

#### ***Water Consumption:***

Reminders on water conservation are posted in pantry.

#### ***Paper Consumption:***

1. Use of environmentally friendly paper.
2. Use of email instead of the paper-based approval process to reduce the use of paper.
3. Practice of double-sided printing or copying.
4. Publish notice or brochure in electronic version and upload the files to the Group's intranet or made publicly available online.

In addition, the Group also reduces the use of resources through environmentally-friendly procurement (procurement of environmentally friendly furniture, eco-friendly toner, green stationery, etc.) and adopts simple decoration approach for office premises.

During the Year, the yearly electricity consumption in our rented office premises were about 98,535 kWh (2019: 102,546 kWh) whereas the yearly electricity consumption for our studio in Admiralty above 20,105 kWh (2019: 22,866 kWh) and yearly A4 paper usage of about 129,200 sheets (2019: 165,800 sheets).

### **A3. The Environment and Natural Resources**

#### ***General Disclosure and KPIs***

Although the core business of the Group has limited impact on the environment and natural resources, as an ongoing commitment to good corporate social responsibility, we recognise the responsibility in minimising the negative environmental impacts of our operations in achieving sustainable development to generate longterm values to our stakeholders and community.

The Group works tirelessly to mitigate the environmental impacts of its activities through adopting industry best practices, targeted at reduction of natural resources consumption and effective emission management. We regularly assess our businesses' environmental risks, and adopt preventive measures in reducing those risks and ensuring the compliance with relevant laws and regulations.

## Environmental, Social and Governance Report

### ***Indoor Air Quality***

Good indoor air quality is important as employees spend most of their time working at office. Indoor air quality in our workplace is regularly monitored and measured. Air pollutants, contaminants and dust particles are filtered out by air purifying equipment in the workplace, and regular cleaning of air conditioning system is conducted to ensure office's indoor air quality.

## **B. Social Responsibilities**

### **B.1 Employment and Labor Practices**

"The human resource — the whole man — is, of all resources entrusted to man, the most productive, the most versatile, the most resourceful," said Peter F. Drucker, revered as the father of modern management. The Group is confident that maintaining a strong relationship with our employees is one of the keys to success in business. In order to protect the rights and interests of our employees, the Group has formulated the Employee Handbook in accordance with the Employment Ordinance of the Hong Kong Special Administrative Region, the Labor Law of the People's Republic of China, and other relevant laws and regulations.

#### **1.1. Remuneration, Benefits and Attendance**

##### *(1) Remuneration*

Remuneration and salaries are determined by the Group based on the qualifications, work experience, competence, roles and responsibilities of new employees, and taking into account of the market compensation level of the industry and our internal salary standard to ensure that remuneration and salaries so determined are fair internally and are competitive in the market. Our remuneration package comprises of one or more of the following components: wages, bonuses, commission and benefits. The Company wishes to attract and retain talent, provide incentives for our employees to improve their performance and reward outstanding employees through its remuneration system. All employees are entitled to paid holidays such as national statutory holidays, annual leave, compassionate leave, marriage leave, maternity leave and sick leave.

##### *(2) Benefits*

The Group has made required contributions to social insurance fund and housing provident fund for employees in the People's Republic of China and made contributions to mandatory provident fund and took out employees' compensation insurance policies and medical insurance policies for employees in Hong Kong. Employees who pass the probation will receive medical insurance.

##### *(3) Attendance*

The Group has implemented the standard working hours according to state regulations. The working hours are 9:00 a.m. to 13:00 p.m. and 14:00 p.m. to 19:00 p.m. with one hour lunchbreak, five working days a week, from Monday to Friday, while Saturday and Sunday are rest days. The Group has the right to re-arrange the work schedule and working days in accordance with its operation requirements; employees should obtain prior approval before taking leave. The Group, in principle, does not encourage our employees to work overtime unless it is necessary. Employees are, in principle, entitled to compensation leave for their overtime work.

## Environmental, Social and Governance Report

Employees are entitled to basic leave. The kinds of leave include public holidays, statutory holidays, annual leave, sick leave and medical leave, marriage leave, and compassionate leave. Employees are required to apply and obtain approval in advance before taking leave.

### **1.2. Recruitment, Promotion and Dismissal**

#### *(1) Recruitment and Promotion*

The recruitment and hiring procedures of the Group embody the principle of “meritocracy, open recruitment and hiring solely on merit.” Employees would be rewarded with corresponding adjustment in their remuneration package according to their positions for their outstanding performance during the term of office and significant contributions made to the Group.

#### *(2) Dismissal*

Regarding resignation for personal reasons, 30 to 60 days’ prior written notice from the employees is required depending on different positions. Employees who are deemed to be incompetent for their positions based on relevant reasons would be dismissed by 30 to 60 days’ prior written notice from the Group, depending on different positions.

### **1.3. Equal Opportunities and Anti-Discrimination**

The Group is an equal opportunity employer. Our recruitment, employment and human resources management practices, such as promotion, rewards and training opportunities, will under no circumstances be influenced or affected by an applicant’s or employee’s ethnicity, color, age, gender, sexual orientation, race, disability, pregnancy, religion, political ideology, members of the community or marital status.

Monthly remuneration and contributions to social insurance fund, provident fund and mandatory provident fund for the current year were duly paid within the prescribed period.

The Group is not aware of any serious breach of relevant laws and regulations in relation to employment and labour practices (including Employment Ordinance of the Hong Kong Special Administrative Region, Labor Law of the People’s Republic of China, and other relevant laws and regulations) during the Year.

## **B.2 Health and Safety**

During the Year, the Group had complied with the Employment Ordinance of the Hong Kong Special Administrative Region, Labor Law of the People’s Republic of China, the Law on Protection of Labor Rights and other applicable laws and regulations. In addition to minimizing work-related incidents and diseases, we also focus on providing employees with a safe and healthy working environment. This would in turn contribute to the improvement of the quality of products and services, ensuring smooth operation, and enhancing workforce stability and employee morale. In addition, the Group believes that ongoing staff involvement and continuing education are the keys to identifying and addressing health and safety issues in workplace.

## Environmental, Social and Governance Report

### **B.3 Development and Training**

The Group provides a comprehensive on job training covering topics such as management skills, professional skills, technical knowledge, latest news and information about corporate culture. Through a series of training covering various topics, our staff's understanding towards the Group's business, management structure and corporate culture would be gradually enhanced. Employees are encouraged to fully develop their potential and strengths.

### **B.4 Labor Standards**

During the Year, the Group had complied with the provisions of the Employment Ordinance of the Hong Kong Special Administrative Region, the Labor Law of the People's Republic of China. Child labor and forced labor are strictly prohibited. New employees are required to present valid identification documents to the Group for legal working age compliance checks before the commencement of their employment period. All employees of the Group comply with the standard working hour rules stipulated by the Hong Kong Special Administrative Region and PRC government. Overtime work is not encouraged unless in special circumstances.

### **B.5 Supply Chain Management**

The Group adopts a prudent approach in selecting suppliers, including meeting with potential suppliers to understand their products and business operations. We would conduct background checks before appointing a supplier and ensure the supplier is duly registered and has obtained relevant license or permits with relevant authorities in accordance with applicable laws and regulations.

### **B.6 Product Responsibility**

The Group is committed to providing our customers with quality products and services. To improve quality, we have experienced sales teams, IT teams and News teams and investor relationship team. We will review complaints on a regular basis and strive to improve our products and services to avoid similar incidents in the future. Understanding customers' need is the key to provide the best possible customer experience. We appreciate customer comments and suggestions and have various communication channels in place such as telephone, and email.

### **B.7 Intellectual Property Rights and Customer Privacy**

The Group respects all forms of intellectual property rights and designs of advertising, commercial advertising, products, services, names and trademarks. At the same time, the Group values the importance of protecting the privacy of our customers. When entering into agreements or contracts with customers, the Company will also enter into confidentiality agreements with customers to avoid disclosing customer's information and protecting the privacy of customers. To prevent leakage of customers' data, the Group will further improve and strengthen its measures of protecting customer privacy.

During the Year, the Group did not receive any complaints arising from infringement of intellectual property rights and leakage of customers' data.

## Environmental, Social and Governance Report

### **B.8 Anti-corruption, Bribery, Extortion, Fraud and Money Laundering**

In the course of its operation, the Group strictly abided by the Criminal Law of the Hong Kong Special Administrative Region and People's Republic of China, and other relevant laws and regulations in relation to anti-corruption, bribery, extortion, fraud and money laundering.

Employees can report illegal behaviors and irregularities by sending letters to:

1. members of the audit committee of the Company; or
2. the chairman of the board of directors of the Company.

The Group is not aware of any material breaches of laws and regulations in relation to bribery, extortion, fraud and money laundering that has significant impacts on the Group during the Year.

### **B.9 Community Investment**

To promote social development and harmony, the Group encourages our employees to actively participate in community events and charity campaigns and contribute to social philanthropy projects through volunteering or charitable donations.

# Independent Auditors' Report



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

## TO THE SHAREHOLDERS OF FINET GROUP LIMITED

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

### Opinion

We have audited the consolidated financial statements of Finet Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 47 to 124, which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Basis For Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *HKICPA's Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independent Auditors' Report

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Key audit matter

#### How our audit addressed the key audit matter

Impairment assessment of trade receivables

Impairment assessment of trade receivables. Refer to Note 3.1(b) to the consolidated financial statements.

Our procedures in relation to valuation on trade receivables mainly included:

We identified the impairment assessment of trade receivables as a key audit matter due to the use of judgment and estimates in assessing the recoverability of trade receivables.

- Assessing the controls over the monitoring of trade receivables;
- Evaluating the methodologies, inputs and assumptions used by the Group in calculating the expected credit loss allowance;
- Understanding and discussing with management for judgements used under the ECL approach;
- Assessing historical loss pattern and management's basis of judgement applied on this data under the ECL approach; and
- Evaluating whether the historical loss rates are appropriately adjusted based on the current economic conditions and forward-looking information.

As at 31 March 2020, the Group recorded trade receivables of approximately HK\$5,572,000 before less the allowance of approximately HK\$2,714,000. The Group's accounting for impairment on trade receivables using expected credit loss ("ECL") approach. The measurement on the Group's trade receivables under the ECL approach was estimated by management through the application of judgements and use of highly subjective assumptions. The impact of economic factors, both current and future, and forward-looking factors specific to the debtors were also considered in management's assessment of the likelihood of recovery from customers.

## Independent Auditors' Report

### Key audit matter

#### Valuation of investment properties

We have identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements, as a whole, combined with the significant judgments associated with determining the fair value. As disclosed in Note 17 to the consolidated financial statements, the Group's investment properties amounted to approximately HK\$32,700,000.

There is no fair value change in investment properties during the year.

### How our audit addressed the key audit matter

Our procedures in relation to assessing the appropriateness of the valuation of investment properties included:

- Evaluating the competence, capabilities, and objectivity of the independent professionally qualified valuer;
- Understanding the independent professionally qualified valuer's valuation process and methodology, the performance of the property markets, significant assumptions adopted, critical judgmental areas and key inputs used in the valuations;
- Engaging our valuation specialists evaluating the reasonableness of the methodology and assumptions to industry norms; assessing the reasonableness of key inputs used in the valuations by (i) checking the details of rentals on a sample basis to the respective underlying existing tenancy agreements; (ii) comparing to relevant market information on prices, rentals achieved and capitalization rates adopted in other similar properties in the neighborhood; and
- Performing analysis on the key inputs to evaluate the results on the valuations.

### Other Information

The directors of the Company ("Directors") are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independent Auditors' Report

### **Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

## Independent Auditors' Report

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Chan Ching Pang.

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

*Certified Public Accountants*

### **Chan Ching Pang**

Practising Certificate Number: P05746

Hong Kong, 29 June 2020

# Consolidated Statement of Profit or Loss

For the year ended 31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000
<b>Revenue</b>	5	<b>25,991</b>	19,637
Cost of sales		<b>(1,876)</b>	(2,201)
<b>Gross profit</b>		<b>24,115</b>	17,436
Other income and other losses	6	<b>3,885</b>	(256)
Selling and marketing expenses		<b>(569)</b>	(244)
General and administrative expenses		<b>(46,014)</b>	(44,241)
Finance costs	8	<b>(556)</b>	(491)
<b>Loss before income tax</b>	9	<b>(19,139)</b>	(27,796)
Income tax expense	10	<b>(149)</b>	(297)
<b>Loss for the year</b>		<b>(19,288)</b>	(28,093)
<b>(Loss)/profit attributable to:</b>			
— Owners of the Company		<b>(20,293)</b>	(28,870)
— Non-controlling interests		<b>1,005</b>	777
		<b>(19,288)</b>	(28,093)
<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> )	11	<b>(0.03)</b>	(0.04)

# Consolidated Statement of Comprehensive Income

For the year ended 31 March 2020

	2020 HK\$'000	2019 HK\$'000
<b>Loss for the year</b>	<b>(19,288)</b>	(28,093)
<b>Other comprehensive (expense)/income for the year, net of tax:</b>		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	<b>4,716</b>	(1,976)
<b>Total comprehensive expense for the year</b>	<b>(14,572)</b>	(30,069)
<b>Total comprehensive (expense)/income for the year, attributable to:</b>		
— Owners of the Company	<b>(15,577)</b>	(30,846)
— Non-controlling interests	<b>1,005</b>	777
	<b>(14,572)</b>	(30,069)

# Consolidated Statement of Financial Position

As at 31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	15	53,448	55,696
Right-of-use assets	16	1,324	—
Investment properties	17	32,700	32,700
Intangible assets	18	950	950
Statutory deposits and other assets	19	456	656
		<b>88,878</b>	90,002
<b>Current assets</b>			
Trade receivables	21	2,858	8,344
Prepayment, deposits and other receivables	22	4,941	5,992
Financial assets at fair value through profit or loss	23	1,013	1,278
Amounts due from related companies	24	5,339	2,005
Contract assets	28	—	100
Client trust bank balances		818	253
Cash and cash equivalents	25	8,296	12,749
		<b>23,265</b>	30,721
<b>Total assets</b>		<b>112,143</b>	120,723
<b>Current liabilities</b>			
Accounts payable	26	2,451	1,883
Accruals and other payables	27	5,268	7,728
Contract liabilities	28	—	2,044
Amount due to a related company	24	42	42
Lease liabilities	16	1,171	—
Borrowing — due within one year	29	12,603	14,436
Tax payables		215	215
		<b>21,750</b>	26,348
<b>Net current assets</b>		<b>1,515</b>	4,373
<b>Total assets less current liabilities</b>		<b>90,393</b>	94,375
<b>Non-current liabilities</b>			
Loans from shareholder	36(b)	22,926	14,725
Lease liabilities	16	172	—
Deferred tax liabilities	30	11,184	11,308
		<b>34,282</b>	26,033
<b>Net assets</b>		<b>56,111</b>	68,342

## Consolidated Statement of Financial Position

As at 31 March 2020

	Note	2020 HK\$'000	2019 HK\$'000
<b>Equity</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	31	6,665	6,665
Reserves		56,982	70,218
		<b>63,647</b>	76,883
Non-controlling interests		(7,536)	(8,541)
<b>Total equity</b>		<b>56,111</b>	68,342

**LO Yuk Yee**  
Director

**LEE Yu Chung**  
Director

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2020

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Share based-payments reserve HK\$'000	Other reserve HK\$'000	Translation reserve HK\$'000	Property revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
<b>Balance at 31 March 2018</b>	6,665	320,095	4,870	—	1,776	274	9,989	(230,940)	112,729	(9,277)	103,452
Adjustments	—	—	—	—	—	—	—	(5,000)	(5,000)	(41)	(5,041)
<b>Balance at 1 April 2018 (restated)</b>	6,665	320,095	4,870	—	1,776	274	9,989	(235,940)	107,729	(9,318)	98,411
Loss for the year	—	—	—	—	—	—	—	(28,870)	(28,870)	777	(28,093)
<b>Other comprehensive expense</b>											
Currency translation differences	—	—	—	—	—	(1,976)	—	—	(1,976)	—	(1,976)
Total other comprehensive expense	—	—	—	—	—	(1,976)	—	—	(1,976)	—	(1,976)
<b>Total comprehensive expense</b>	—	—	—	—	—	(1,976)	—	(28,870)	(30,846)	777	(30,069)
<b>Balance at 31 March 2019 and 1 April 2019</b>	6,665	320,095	4,870	—	1,776	(1,702)	9,989	(264,810)	76,883	(8,541)	68,342
Loss for the year	—	—	—	—	—	—	—	(20,293)	(20,293)	1,005	(19,288)
<b>Other comprehensive expense</b>											
Currency translation differences	—	—	—	—	—	4,716	—	—	4,716	—	4,716
<b>Total comprehensive expense</b>	—	—	—	—	—	4,716	—	(20,293)	(15,577)	1,005	(14,572)
Recognition of equity settled share-based payments	—	—	—	360	—	—	—	—	360	—	360
Contribution of equity	—	—	—	—	1,981	—	—	—	1,981	—	1,981
	—	—	—	360	1,981	—	—	—	2,341	—	2,341
<b>Balance at 31 March 2020</b>	<b>6,665</b>	<b>320,095</b>	<b>4,870</b>	<b>360</b>	<b>3,757</b>	<b>3,014</b>	<b>9,989</b>	<b>(285,103)</b>	<b>63,647</b>	<b>(7,536)</b>	<b>56,111</b>

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

# Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000
<b>Cash flows from operating activities</b>			
Loss before income tax		<b>(19,139)</b>	(27,796)
Adjustments for:			
— Depreciation of property, plant and equipment	15	<b>2,165</b>	2,714
— Depreciation of right-of-use assets	16	<b>634</b>	—
— Fair value gain on investment properties		—	(200)
— Fair value loss on financial assets at fair value through profit or loss		<b>201</b>	3,041
— Interest income from bank deposits		<b>(7)</b>	(9)
— Equity settled share-based payments		<b>360</b>	—
— Finance costs		<b>556</b>	491
— Reversal of provision for impairment loss of loans receivables		—	(4,868)
— (Reversal of)/provision for impairment loss of trade receivables	21	<b>(140)</b>	1,519
— (Reversal of)/provision for impairment loss of contract assets		<b>(61)</b>	61
— Provision for impairment loss of amounts due from related companies		<b>593</b>	—
— Write-off of other receivables		—	4,682
Operating cash flows before movements in working capital		<b>(14,838)</b>	(20,365)
Changes in working capital:			
— Trade receivables		<b>(2,749)</b>	4,282
— Prepayment, deposits and other receivables		<b>1,156</b>	(354)
— Financial assets at fair value through profit or loss		<b>64</b>	1,494
— Amounts due from related companies		<b>(3,927)</b>	223
— Contract assets		<b>161</b>	(161)
— Accounts payable		<b>568</b>	(153)
— Accruals and other payables		<b>8,995</b>	3,738
— Deferred income		—	(693)
— Contract liabilities		<b>(2,044)</b>	2,044
— Statutory deposits and other assets		<b>200</b>	—
— Client trust bank balances		<b>(565)</b>	(127)
Cash used in operations		<b>(12,979)</b>	(10,072)
Income tax paid		<b>(273)</b>	(318)
Net cash used in operating activities		<b>(13,252)</b>	(10,390)

## Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000
<b>Cash flows from investing activities</b>			
Acquisition of assets through acquisition of a subsidiary		(78)	(10)
Purchase of property, plant and equipment	15	(42)	(141)
Interest received from bank deposits		7	9
Net cash used in investing activities		(113)	(142)
<b>Cash flows from financing activities</b>			
Interest paid		(556)	(491)
Drawdown of loans from shareholder		15,000	7,500
Repayment of loans from shareholder		(8,000)	—
Repayment of borrowings		(1,833)	(2,410)
Principal elements of lease payments		(614)	—
Net cash generated from financing activities		3,997	4,599
<b>Net decrease in cash and cash equivalents</b>		<b>(9,368)</b>	<b>(5,933)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>12,749</b>	<b>20,331</b>
Effect of foreign exchange rate changes, net		4,915	(1,649)
<b>Cash and cash equivalents at end of the year</b>	25	<b>8,296</b>	<b>12,749</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 1. General Information

Finet Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) are principally engaged in (i) the development, production and provision of financial information, advertising and investor relationship service and technology solutions to corporate and retail clients in Hong Kong and People’s Republic of China (the “PRC”); (ii) the securities and futures business that specializes in the provision of online securities and futures trading; (iii) money lending business; and (iv) property investments business. The principal activity of the Company is investment holding. The principal activities and other particulars of its subsidiaries are set out in Note 20.

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

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

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

These consolidated financial statements are presented in Hong Kong dollars (HK\$) unless otherwise stated. These consolidated financial statements were approved and authorized for issue by the Board of Directors (the “Board”) on 29 June 2020.

## 2. Summary of Significant Accounting Policies

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

### 2.1 Basis of preparation

The consolidated financial statements of the Group 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 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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

#### 2.1 Basis of preparation (Continued)

##### **Going Concern**

The Group incurred a net loss of approximately HK\$19,288,000 during the year ended 31 March 2020 and, as of that date, the Group's net current assets was approximately HK\$1,515,000. The Group's current liabilities consist of bank loans of approximately HK\$12,603,000 that contain a repayment on demand clause. At 31 March 2020, the aggregate carrying amount of bank loans repayable after one year amounted to approximately HK\$10,834,000 based on the schedule of repayments set out in the loan agreements.

The directors of the Group do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. In addition, taking into account the cash flows from operations, implementing a series of cost-saving measures and as of the date of approval of these financial statements, the Group is in process of negotiating with a financial institution to obtain a new loans for the purpose of meeting the Group's liabilities as and when they fall due. The Directors consider that the Group has adequate resources to meet its liabilities and commitments as and when they fall due and to continue in operational existence for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on going concern basis.

##### **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 2019:

HKFRS 16	Leases
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

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 16 "Leases"

The Group has applied HKFRS 16 Leases ("HKFRS 16") for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

The Group has adopted HKFRS 16 retrospectively from 1 April 2019, but has not restated the comparative for the last year, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening consolidated statement of financial position on 1 April 2019. The new accounting policies are disclosed in Note 2.25.

On adoption of HKFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

#### 2.1 Basis of preparation (Continued)

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

(a) *New standards, amendments, interpretations and improvements adopted by the Group (Continued)*

HKFRS 16 "Leases" (Continued)

(i) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use assets at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17. The Group has also elected not to rely on previous assessments on whether leases are onerous as at 1 April 2019 over the impairment review on the right-of-use assets.

(ii) Measurement of lease liabilities

	2019 HK\$'000
Operating lease commitments disclosed as at 31 March 2019	3,263
Less: leases with terms ending within 12 months from the date of initial application not recognized as a liabilities	<u>(3,263)</u>
Lease liabilities recognized as at 1 April 2019	<u>—</u>

(iii) Measurement of right-of-use assets

The carrying amount of the associated right-of-use assets were measured as if the new rule had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application in the consolidated statement of financial position.

The Group did not incur any right-of-use assets at the initial recognition from 1 April 2019 as the operating lease commitments leases fall within the practical expedients.

(iv) Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of HKFRS 16.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

#### 2.1 Basis of preparation (Continued)

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

##### *(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 2020 and have not been early adopted by the Group.

HKFRS 17	<i>Insurance Contracts</i> <sup>2</sup>
Amendments to HKFRS 3	<i>Definition of a Business</i> <sup>1</sup>
Conceptual Framework for Financial Reporting 2018	<i>Revised Conceptual Framework for Financial Reporting</i> <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to HKFRS 16	<i>COVID-19 Related Rent Concession</i> <sup>4</sup>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i> <sup>1</sup>
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	<i>Hedge Accounting</i> <sup>1</sup>

<sup>1</sup> Effective for the Group for annual periods beginning on or after 1 March 2020.

<sup>2</sup> Effective for the Group for annual periods beginning on or after 1 March 2021.

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

<sup>4</sup> Effective for annual periods beginning on or after 1 June 2020.

The Group will apply the above new standards and amendments to existing standards when they become effective. The Group anticipates that the application of the above new standards and amendments to existing standards have no material impact on the results and the financial position of the Group.

#### 2.2 Principles of Consolidation

##### *i) Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 2.3).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

#### 2.3 Business combinations

The Group applies the acquisition method to account for business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprised the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

#### 2.4 Separate financial statements

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

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

#### 2.5 Segment reporting

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

#### 2.6 Foreign currency translation

##### (a) *Functional and presentation currency*

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

##### (b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the consolidated statement of profit or loss.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

#### 2.6 Foreign currency translation (Continued)

##### *(b) Transactions and balances (Continued)*

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within "general and administrative expenses".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognized in other comprehensive income.

##### *(c) Group companies*

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

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

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to consolidated statement of profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

#### 2.7 Property, plant and equipment

Land and buildings are recognized at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. A revaluation surplus is credited to other reserves in shareholders' equity.

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

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

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

Leasehold improvements	Over the term of leases
Land and buildings	2%
Computer equipment	20%
Office equipment	20%
Furniture and fixtures	20%
Motor vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the consolidated statement of profit or loss (Note 2.10).

#### 2.8 Investment properties

Investment properties, principally office buildings, are held for long-term rental yields are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair value are presented into consolidated statement of profit or loss as part of other income.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

#### 2.9 Intangible assets

##### *Trading rights*

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

#### 2.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting date.

#### 2.11 Investments and other financial assets

##### (a) *Classification*

The Group classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

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 debt instruments, this will depend on the business model in which the investment is held. 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.

The Group reclassifies debt investments when and only when its business model for managing the assets changes.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

#### 2.11 Investments and other financial assets (Continued)

##### (b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

##### (c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction cost of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in the consolidated statement of comprehensive income when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial assets are derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity from to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or financial assets at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the consolidated statement of comprehensive income in the period in which it arises. Interest income from these financial assets is recognized in the consolidated statement of comprehensive income within "other income".

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

#### 2.11 Investments and other financial assets (Continued)

##### (c) Measurement (Continued)

###### *Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of comprehensive income. Dividends from such investments continue to be recognized in the consolidated statement of comprehensive income as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in the consolidated statement of comprehensive income. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at fair value through other comprehensive income are not reported separately from other changes in fair value.

##### (d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The provision matrix is determined based on historical observed default rates over the expected life of the contract assets and trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed

#### 2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

#### 2.13 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

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

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and financial institutions, other short-term highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

#### 2.15 Share capital

Ordinary shares are classified as equity.

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

#### 2.16 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are classified as current liabilities if payment is not due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

#### 2.17 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method. Fee paid on the establishment of loan facilities of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of profit or loss as finance costs.

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

#### 2.18 Borrowings costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

#### 2.19 Compound financial instruments

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

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

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

#### 2.20 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

##### ***Current income tax***

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

#### 2.20 Current and deferred income tax (Continued)

##### *Deferred income tax*

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

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

#### 2.21 Employee benefits

##### (a) Short-term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

The Group pays contributions to defined contribution plans in Hong Kong. The schemes are generally funded through payments to separate trustee-administered funds, determined by periodic calculations.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to administered pension plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

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

##### (b) Share-based payments

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

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specific period of time).

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

#### 2.21 Employee benefits (Continued)

##### *(b) Share-based payments (Continued)*

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

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

##### *(c) Termination benefits*

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

#### 2.22 Provisions

Provisions for legal claims, service warranties and make good obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

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

Provisions are measured at the present value of management's best estimate of the expenditures required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognized as interest expense.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

#### 2.23 Revenue recognition

Revenue is recognized when or as the control of the goods or services is transferred to the customer. Depending on the terms of the contracts and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time.

Control of the goods or services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer control as the Group performs; or
- does not create asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods or services.

If contracts involve the sale of multiple elements, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on availability of observable information.

When either party to a contract has performed, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A receivable is recognized when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before the payment is due.

The Group's revenue is primarily derived from providing on-line content information services and advertising services on websites.

#### **(a) Provision of financial information services and investor relationship services**

The Group provides a range of development, production and financial information service and technology services to corporate and retails client. Revenue from on-line content information services is recognized in the accounting period in which the related services are rendered that the customer obtains control of the services and is recognized over the period of the time by reference to the progress towards complete satisfaction of performance obligation. The progress towards the complete satisfaction of performance obligation is measured by direct measurement of the value of individual service transferred and delivered to the customer.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

#### 2.23 Revenue recognition (Continued)

**(b) Provision of advertising services**

Revenue from advertising services is recognized over the period when the advertisement is placed.

**(c) Rental income**

Rental income from investment property in the consolidated statement of profit or loss on a straight-line basis over the term of the leases.

**(d) Provision of underwriting and securities brokerage services**

Revenue from underwriting services is recognized when the outcome of the underwriting services at completion of each act (i.e. when securities are allotted or issued).

Revenue from the securities brokerage services is recognized on the date of the securities transaction.

**(e) Interest income from money lender business**

Interest income from money lending business is recognized on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial asset.

#### 2.24 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in the consolidated statement of profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

#### 2.25 Leases

##### *As a lessee*

As explained in Note 2.1 above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described below and the impact of the change in Note 2.1.

Until 31 March 2019, leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases (Note 33). Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognized as right-of-use assets and corresponding liabilities at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liabilities.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

#### 2.25 Leases (Continued)

##### *As a lessee (Continued)*

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liabilities until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liabilities for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

The Group considers all the lease entered as a single transaction in which the asset and liability are integrally linked, so there is no net temporary difference at inception, except as those recognized in the retained profits as at 1 April 2019. Subsequently, as differences arise on settlement of liabilities and the depreciation of the leased assets, there will be a net temporary difference on which deferred tax is recognized.

#### 2.26 Contingent liabilities and contingent assets

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

#### 2.27 Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
  - (i) has control or joint control of the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or a parent, subsidiary or fellow subsidiary of other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a Group of which it is apart, provides key management personnel services to the Group or to the parent of the Group.

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

#### 2.28 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 3. Financial Risk Management

#### 3.1 Financial risk factors

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

##### (a) Market risk

###### (i) Foreign exchange risk

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

###### (ii) Price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from financial assets at fair value through profit or loss (Note 23) as at 31 March 2020 and 2019. The Group's listed investments are listed on the Hong Kong Stock Exchange and are valued at quoted market prices at the end of the reporting period.

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

	<b>Increase/ (decrease) in carrying amount of equity investments</b>	<b>Decrease/ (increase) in loss before income tax</b>	<b>Increase/ (decrease) in equity*</b>
	HK\$'000	HK\$'000	HK\$'000
<b>2020</b>			
5% increase in equity price	<b>51</b>	<b>51</b>	—
5% decrease in equity price	<b>(51)</b>	<b>(51)</b>	—
<b>2019</b>			
5% increase in equity price	64	64	—
5% decrease in equity price	(64)	(64)	—

\* Excluding accumulated losses

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 3. Financial Risk Management (Continued)

#### 3.1 Financial risk factors (Continued)

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

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

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

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

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

	<b>Increase/ (decrease) in basis points</b>	<b>Increase/ (decrease) in loss before income tax HK\$'000</b>	<b>Decrease/ (increase) in equity* HK\$'000</b>
<b>2020</b>			
Hong Kong dollar	<b>50</b>	<b>63</b>	—
Hong Kong dollar	<b>50</b>	<b>(63)</b>	—
<b>2019</b>			
Hong Kong dollar	50	72	—
Hong Kong dollar	50	(72)	—

\* Excluding accumulated losses

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 3. Financial Risk Management (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from trade and other receivables, deposits and other receivables and cash and cash equivalents. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets. The credit risk is monitored on an ongoing basis with reference to the financial position of the debtors, past experience and other factors.

##### (i) Risk management

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

As at 31 March 2020 and 2019, substantially all of the Group's bank balances are deposited in major financial institutions. Management does not expect any losses from non-performance by these banks. The credit quality of cash and cash equivalents has been assessed by reference to external credit ratings or to historical information about the counterparty default rates. The existing counterparties do not have defaults in the past.

The credit risk of the Group's other financial assets, which comprises cash and cash equivalents, amounts due from related companies, deposits and other receivables, arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments.

##### (ii) Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- trade receivables
- contract assets, and
- debt investments carried at amortized cost

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 3. Financial Risk Management (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

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

##### Trade receivables, contract assets and amounts due from related companies

The Group applies HKFRS 9 simplified approach to measuring ECL which uses a 12-month ECL for all trade receivables and contract assets. The Group measures the ECL on a collective basis.

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. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales or leases over a period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 March 2020 and 2019 were determined as follows for trade receivables and contract assets:

Trade receivables and contract assets:  
(excluding related companies)

	0-30 days		31-60 days		61-90 days		91-120 days		Over 120 days	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Provision on collective basis</b>										
Gross carrying amount	477	5,694	106	139	142	815	225	95	2,152	1,701
Total loss allowance	147	695	48	92	66	408	211	59	2,152	1,696
Expected credit loss rate	30.91%	12.21%	45.10%	65.87%	46.24%	49.99%	93.98%	62.55%	100.00%	99.74%

Trade receivables and contract assets:  
(related companies only)

	0-30 days		31-60 days		61-90 days		91-120 days		Over 120 days	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Provision on collective basis</b>										
Gross carrying amount	800	2,950	600	—	—	—	1,070	—	—	—
Total loss allowance	29	—	22	—	—	—	39	—	—	—
Expected credit loss rate	3.63%	—	3.63%	—	—	—	3.63%	—	—	—

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 3. Financial Risk Management (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

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

#### Trade receivable, contract assets and amounts due from related companies (Continued)

The closing loss allowance for trade receivable, contract assets and amounts due from related companies as at 31 March 2020 and 2019 as follows:

	Loans receivables HK\$'000	Trade receivables HK\$'000	Contract assets HK\$'000	Amounts due from related companies HK\$'000	Total HK\$'000
As at 1 April 2018	4,868	1,370	—	—	6,238
Increase in loss allowance recognized in profit or loss during the year	—	1,519	61	—	1,580
Amounts recovered in respect of brought forward balance	(4,868)	—	—	—	(4,868)
As at 31 March 2019 and 1 April 2019	—	2,889	61	—	2,950
Increase/(decrease) in loss allowance recognized in profit or loss during the year	—	(140)	(61)	593	392
Exchange adjustments	—	(35)	—	—	(35)
As at 31 March 2020	—	2,714	—	593	3,307

Changes in the loss allowance for amounts due from related companies during the year are mainly due to the increase in ECL arising from gross carrying amount of approximately HK\$5,932,000 at internal credit rating at doubtful level, with an average loss rate of 10%.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, default or delinquency in payments, and the failure of a debtor to engage in a repayment plan with the Group.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 3. Financial Risk Management (Continued)

#### 3.1 Financial risk factors (Continued)

##### (c) Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of available credit facilities. The Directors aim to maintain flexibility in funding by keeping credit lines available.

The following tables analyze the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity grouping based on the remaining period at the date of the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the date of the consolidated statement of financial position) and the earliest date the Group can be required to pay.

Specifically, for bank loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings and lease liabilities is prepared based on the scheduled repayment dates.

	On demand or within 1 year HK\$'000	More than 1 year but less than 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
<b>2020</b>				
Accounts payable	2,451	—	—	2,451
Accruals and other payables	5,268	—	—	5,268
Borrowings	14,712	—	—	14,712
Loans from shareholder	—	22,926	—	22,926
Lease liabilities	1,214	172	—	1,386
<b>2019</b>				
Accounts payable	1,883	—	—	1,883
Accruals and other payables	7,728	—	—	7,728
Borrowings	17,006	—	—	17,006
Loans from shareholder	—	14,725	—	14,725

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 3. Financial Risk Management (Continued)

#### 3.1 Financial risk factors (Continued)

##### (c) Liquidity risk (Continued)

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

	Within 1 year HK\$'000	More than 1 year but less than 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
<b>2020</b>				
Borrowings	2,168	5,931	6,613	14,712
Loans from shareholder	—	22,926	—	22,926
Lease liabilities	1,214	172	—	1,386
<b>2019</b>				
Borrowings	2,295	6,879	7,832	17,006
Loans from shareholder	—	14,725	—	14,725

#### 3.2 Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. During the year ended 31 March 2020, the Group's strategy remains unchanged from 2019.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total equity, as shown in the consolidated statement of financial position. The gearing ratios at 31 March 2020 and 2019 were as follows:

	2020 HK\$'000	2019 HK\$'000
Total debt	35,548	29,161
Total equity	56,111	68,342
Gearing ratio	63%	43%

The total debt is defined as gross assets of the recognition of right-of-use assets and lease liabilities, borrowings and loans from shareholder as detailed in Notes 16, 29 and 36(b) respectively.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 3. Financial Risk Management (Continued)

#### 3.3 Fair value estimation

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

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

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

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

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

The Group's investment properties and financial assets at fair value through profit or loss are classified as level 2 and level 1 respectively, and there are no transfer among levels 1, 2 and 3 during the year. Details are disclosed in respective notes to the consolidated financial statements.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 3. Financial Risk Management (Continued)

#### 3.4 Financial instruments by category

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

	Amortised cost HK\$'000	Financial assets at fair value through profit or loss HK\$'000	Total HK\$'000
<b>Financial assets as per consolidated statement of financial position</b>			
<b>31 March 2020</b>			
Statutory deposits and other assets ( <i>Note 19</i> )	456	—	456
Trade receivables ( <i>Note 21</i> )	2,858	—	2,858
Deposits and other receivables	3,747	—	3,747
Financial assets at fair value through profit or loss ( <i>Note 23</i> )	—	1,013	1,013
Amounts due from related companies	5,339	—	5,339
Client trust bank balances	818	—	818
Cash and cash equivalents ( <i>Note 25</i> )	8,296	—	8,296
Total	21,514	1,013	22,527

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 3. Financial Risk Management (Continued)

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

	Loans and receivables HK\$'000	Financial assets at fair value through profit or loss HK\$'000	Total HK\$'000
<b>Financial assets as per consolidated statement of financial position</b>			
<b>31 March 2019</b>			
Statutory deposits and other assets (Note 19)	656	—	656
Trade receivables (Note 21)	8,344	—	8,344
Deposits and other receivables	4,356	—	4,356
Financial assets at fair value through profit or loss (Note 23)	—	1,278	1,278
Amounts due from related companies (Note 24)	2,005	—	2,005
Client trust bank balances	253	—	253
Cash and cash equivalents (Note 25)	12,749	—	12,749
<b>Total</b>	<b>28,363</b>	<b>1,278</b>	<b>29,641</b>

	<b>Financial liabilities at amortized cost HK\$'000</b>
<b>Financial liabilities as per consolidated statement of financial position</b>	
<b>31 March 2020</b>	
Accounts payable (Note 26)	<b>2,451</b>
Accruals and other payables (Note 27)	<b>5,268</b>
Borrowings (Note 29)	<b>12,603</b>
Amount due to a related company (Note 24)	<b>42</b>
Loans from shareholder (Note 36(b))	<b>22,926</b>
Lease liabilities (Note 16)	<b>1,343</b>
<b>Total</b>	<b>43,248</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 3. Financial Risk Management (Continued)

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

	Financial liabilities at amortized cost HK\$'000
<b>Financial liabilities as per consolidated statement of financial position</b>	
<b>31 March 2019</b>	
Accounts payable (Note 26)	1,883
Accruals and other payables (Note 27)	7,261
Borrowings (Note 29)	14,436
Amount due to a related company (Note 24)	42
Loans from shareholder (Note 36(b))	14,725
	<hr/>
Total	38,305

### 4. Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

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

#### (a) Estimation of the fair values of investment properties

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

#### (b) Estimation of current tax payable and current tax expense

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 4. Critical Accounting Estimates and Judgments (Continued)

#### (c) Estimated impairment of financial assets

The Group makes provision for impairment of receivables based on assumptions about risk of default and expected credit loss rates. The Group uses judgements in making these assumptions and selecting the inputs to impairments calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The Group reassesses the provision at each consolidated statement of financial position date.

#### (d) Estimation of the useful life of intangible asset

The Group periodically reviews internal or external resources to identify indications that the intangible assets other than goodwill have suffered any impairment in accordance with accounting policy stated in Note 2.9. If the recoverable amount of an intangible assets is estimated to be less than its carrying amount, the carrying amount of the intangible assets is reduced to its receivable amount. The assessment of the recoverable amount requires the use of estimates and assumptions.

#### (e) Consolidation of structured entities

The management makes significant judgment on whether the Group controls and therefore is required to consolidate its structured entities. The decision outcome impacts the financial and operational results of the Group.

When assessing control, the Group considers: (1) the level of power of the Group over the investee; (2) variable returns gained through participation of relevant activities of the investee; and (3) the ability of the Group in using its power over the investee to affect its return.

When assessing the level of power over the structured entities, the Group considers the following four aspects:

- (a) the degree of participation when establishing the structured entities;
- (b) contractual arrangements;
- (c) activities that take place only at special occasions or events;
- (d) commitments made to the investee from the Group.

When assessing whether there is control over the structured entities, the Group also considers whether it's acting as a principal or as an agent. Aspects of considerations normally include the decision-making scope over the structured entities, substantive rights of third parties, reward of the Group, and exposure to variable risks and returns from owning other benefits of the structured entities.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 5. Revenue

An analysis of the Group's revenue for the years ended 31 March 2020 and 2019 are as follows:

	2020 HK\$'000	2019 HK\$'000
Service income from provision of financial information service	573	838
Advertising and investor relationship service income	23,751	16,680
Brokerage commission and service income from securities and futures business	6	274
Loan interest income	—	263
Rental income from investment properties	1,661	1,582
	<b>25,991</b>	19,637
Revenue from contracts with customers		
— Service income from provision of financial information services	573	838
— Advertising and investor relationship service income	23,751	16,680
— Brokerage commission and services income from securities and future business	6	274
	<b>24,330</b>	17,792
<i>Represented by:</i>		
Timing of revenue recognition		
— At a point in time	24,077	14,047
— Over time	253	3,745
	<b>24,330</b>	17,792
Revenue from other sources		
— Loan interest income	—	263
— Rental income from investment properties	1,661	1,582
	<b>1,661</b>	1,845
	<b>25,991</b>	19,637

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 6. Other Income and Other Losses

	2020 HK\$'000	2019 HK\$'000
Interest income from bank deposits	7	9
Income from sharing of administrative expenses	4,041	2,473
Fair value gain on investment properties	—	200
Fair value loss on financial assets at fair value through profit or loss	(201)	(3,041)
Sundry income	38	103
	<b>3,885</b>	(256)

### 7. Segment Information

The chief operating decision-maker has been identified as the executive directors of the Company (the "Executive Directors"). The Executive Directors have reviewed the Group's internal reports in order to assess the performance and allocate resources; they have also determined the operating segments based on these reports. The Executive Directors have further considered the business from product perspective and have assessed the performance of four 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 2020 and 2019, the Group is organized into four operating segments as below:

- (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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 7. Segment Information (Continued)

The segment results for the year ended 31 March 2020 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
<b>Gross revenue</b>	24,458	6	—	1,661	26,125
<b>Inter-segment revenue</b>	(134)	—	—	—	(134)
<b>Revenue from external customers</b>	24,324	6	—	1,661	25,991
Segment results	(13,393)	(4,687)	(13)	(490)	(18,583)
Finance costs					(556)
<b>Loss before income tax</b>					(19,139)
Income tax expense					(149)
<b>Loss for the year</b>					(19,288)
Other segment items included in the consolidated statement of profit or loss are as follows:					
Interest income from bank deposits	1	6	—	—	7
Finance costs	(556)	—	—	—	(556)
Reversal of provision for impairment loss of contract assets	61	—	—	—	61
Reversal of provision for impairment loss of trade receivables	140	—	—	—	140
Provision for impairment loss of amounts due from related companies	(593)	—	—	—	(593)
Fair value change on financial assets at fair value through profit or loss	—	(201)	—	—	(201)
Depreciation of property, plant and equipment	(2,143)	(22)	—	—	(2,165)
Depreciation of right-of-use assets	(634)	—	—	—	(634)

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 7. Segment Information (Continued)

The segment results for the year ended 31 March 2019 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
<b>Gross revenue</b>	18,044	274	263	1,582	20,163
<b>Inter-segment revenue</b>	(526)	—	—	—	(526)
<b>Revenue from external customers</b>	17,518	274	263	1,582	19,637
Segment results	(18,580)	(7,304)	(57)	(1,364)	(27,305)
Finance costs					(491)
<b>Loss before income tax</b>					(27,796)
Income tax expense					(297)
<b>Loss for the year</b>					(28,093)
Other segment items included in the consolidated statement of profit or loss are as follows:					
Interest income from bank deposits	3	6	—	—	9
Finance costs	(491)	—	—	—	(491)
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)

Segment assets consist primarily of property, plant and equipment, right-of-use assets investment properties, intangible assets, trade and loans receivables, 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 7. Segment Information (Continued)

The segment assets and liabilities at 31 March 2020 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	69,234	8,392	25	34,492	112,143
Liabilities	26,837	1,355	257	27,583	56,032
Capital expenditure	42	—	—	—	42

The segment assets and liabilities at 31 March 2019 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	70,090	12,552	48	38,033	120,723
Liabilities	34,996	310	257	16,818	52,381
Capital expenditure	151	—	—	—	151

The Group mainly operates in Hong Kong and the PRC.

	2020 HK\$'000	2019 HK\$'000
<b>Revenue</b>		
Hong Kong	20,456	12,712
The PRC	5,535	6,925
	<b>25,991</b>	19,637

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 7. Segment Information (Continued)

	2020 HK\$'000	2019 HK\$'000
<b>Total assets</b>		
Hong Kong	62,885	75,271
The PRC	49,258	45,452
	<b>112,143</b>	120,723

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

	2020 HK\$'000	2019 HK\$'000
<b>Non-current assets</b>		
Hong Kong	54,810	55,200
The PRC	34,068	34,802
	<b>88,878</b>	90,002

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:

	2020 HK\$'000	2019 HK\$'000
Customer A <sup>1</sup>	NA <sup>2</sup>	2,950
Customer B <sup>1</sup>	NA <sup>2</sup>	2,000
Customer C <sup>1</sup>	NA <sup>2</sup>	3,644

<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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 8. Finance Costs

	2020 HK\$'000	2019 HK\$'000
Interest expense on borrowing	505	491
Interest expense on lease liabilities	51	—
	<b>556</b>	491

### 9. Loss Before Income Tax

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

	2020 HK\$'000	2019 HK\$'000
Expenses related to short-term leases/operating lease payments		
— in respect of rented premises	4,602	6,799
— in respect of office equipment	8	12
Employee benefits expense (including directors' emoluments) (Note 12)	26,162	26,635
(Reversal of)/provision for impairment loss of trade receivables	(140)	1,519
(Reversal of)/provision for impairment loss of contract assets	(61)	61
Provision for impairment loss of amounts due from related companies	593	—
Write-off of other receivables	—	4,682
Reversal of provision for impairment loss of loans receivables	—	(4,868)
Depreciation of property, plant and equipment	2,165	2,714
Depreciation of right-of-use assets	634	—
Direct operating expenses arising on rental-earning investment properties	67	34
Auditors' remuneration		
— Audit service	565	625

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 10. Income Tax Expense

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment)(No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Group considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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

	2020 HK\$'000	2019 HK\$'000
<b>Current tax:</b>		
— Hong Kong Profits Tax	268	—
— Overseas taxation — the PRC	5	276
<b>Deferred tax: (Note 30)</b>	<b>(124)</b>	21
Income tax expense	<b>149</b>	297

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the Hong Kong Profits Tax rate of 16.5% (2019: 16.5%) as follows:

	2020 HK\$'000	2019 HK\$'000
Loss before income tax	<b>(19,139)</b>	(27,796)
Tax calculated at Hong Kong Profits Tax rate	<b>(3,158)</b>	(4,586)
Effect of different tax rates of other jurisdictions	<b>(708)</b>	(950)
Income not subject to tax	<b>(2,399)</b>	(2,002)
Expenses not deductible for tax purposes	<b>1,240</b>	1,890
Tax effect of temporary differences not recognized	<b>(109)</b>	146
Tax losses for which no deferred income tax asset was recognized	<b>5,283</b>	5,799
Income tax expense	<b>149</b>	297

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 11. Loss Per Share

#### (a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company for the year ended 31 March 2020 of approximately HK\$20,293,000 (2019: approximately HK\$28,870,000) by the weighted average number of approximately 666,539,000 (2019: approximately 666,539,000) ordinary shares in issue during the year.

#### (b) Diluted

Share options of the Company are not dilutive as the exercise prices were higher than the share prices of the Company's shares during the year ended 31 March 2020.

The diluted loss per share is equal to the basic loss per share during the years ended 31 March 2020 and 2019.

### 12. Employee Benefits Expense

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

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Wages and salaries	<b>23,446</b>	24,263
Pension costs — defined contribution plans	<b>1,340</b>	1,445
Equity settled share-based payments	<b>360</b>	—
Others	<b>1,016</b>	927
	<b>26,162</b>	26,635

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

The remuneration of every director and the chief executive of the Company for the years ended 31 March 2020 and 2019 are set out below:

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Contributions to defined contribution schemes HK\$'000	Equity settled share-based payment HK\$'000	Total HK\$'000
<b>Year ended 31 March 2020</b>					
<b>Executive Directors</b>					
Ms. LO Yuk Yee	—	1,200	18	14	1,232
Mr. LEE Yu Chung	—	718	18	42	778
<b>Independent Non-executive Directors</b>					
Mr. SIU Siu Ling, Robert	120	—	—	—	120
Mr. WONG Wai Kin	120	—	—	—	120
Mr. LEUNG Chi Hung	120	—	—	—	120
	<b>360</b>	<b>1,918</b>	<b>36</b>	<b>56</b>	<b>2,370</b>

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Contributions to defined contribution schemes HK\$'000	Total HK\$'000
<b>Year ended 31 March 2019</b>				
<b>Executive Directors</b>				
Ms. LO Yuk Yee	—	1,758	18	1,776
Mr. LEE Yu Chung (appointed on 15 March 2019)	5	30	—	35
Mr. CHOW Wing Chau (resigned on 15 March 2019)	115	—	—	115
Mr. YIU Wing Hei (resigned on 5 October 2018)	62	—	—	62
<b>Independent Non-executive Directors</b>				
Mr. SIU Siu Ling, Robert	120	—	—	120
Mr. WONG Wai Kin	120	—	—	120
Mr. LEUNG Chi Hung	120	—	—	120
	<b>542</b>	<b>1,788</b>	<b>18</b>	<b>2,348</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

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

During the years ended 31 March 2020, no bonuses had been paid or receivable by the Directors of the Company which are discretionary or are based on the Company's, the Group's or any member of the Group's performance (2019: Nil).

During the year ended 31 March 2020, no emoluments were paid by the Group to the Directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office (2019: Nil). None of the directors of the Company waived or agreed to waive any remuneration during the year (2019: Nil).

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

### 14. Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the year included two (2019: one) director whose emoluments have been reflected in the analysis presented above. The emoluments payable to the remaining three (2019: four) individuals during the year are as follows:

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Basic salaries and allowances	<b>1,825</b>	2,464
Contributions to defined contribution schemes	<b>51</b>	69
	<b>1,876</b>	2,533

The emoluments fell within the following band:

	<b>2020</b>	2019
	<b>Number of</b>	Number of
	<b>individuals</b>	individuals
Emolument band		
Nil to HK\$1,000,000	<b>3</b>	4

During the year ended 31 March 2020, no bonuses had been paid or receivable by any of the five highest paid individuals which are discretionary or are based on the Company's, the Group's or any member of the Group's performance (2019: Nil).

During the year ended 31 March 2020, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2019: Nil).

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 15. Property, Plant and Equipment

	Leasehold improvements HK\$'000	Land and buildings HK\$'000	Computer equipment HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>At 1 April 2018</b>							
Cost	5,581	54,000	9,344	1,365	4,541	1,967	76,798
Accumulated depreciation	(5,523)	(720)	(8,022)	(1,205)	(1,889)	(878)	(18,237)
Net book amount	58	53,280	1,322	160	2,652	1,089	58,561
<b>Year ended 31 March 2019</b>							
Opening net book amount	58	53,280	1,322	160	2,652	1,089	58,561
Additions	—	—	74	26	41	—	141
Acquisition of assets through acquisition of a subsidiary	—	—	10	—	—	—	10
Disposals	—	—	—	(2)	—	—	(2)
Depreciation	(13)	(1,080)	(650)	(65)	(657)	(249)	(2,714)
Exchange differences	—	—	(13)	—	(253)	(34)	(300)
Closing net book amount	45	52,200	743	119	1,783	806	55,696
<b>At 31 March 2019</b>							
Cost	5,573	54,000	9,326	1,388	4,336	1,923	76,546
Accumulated depreciation	(5,528)	(1,800)	(8,583)	(1,269)	(2,553)	(1,117)	(20,850)
Net book amount	45	52,200	743	119	1,783	806	55,696
<b>Year ended 31 March 2020</b>							
Opening net book amount	45	52,200	743	119	1,783	806	55,696
Additions	—	—	24	—	18	—	42
Depreciation	(13)	(1,080)	(221)	(51)	(596)	(204)	(2,165)
Exchange differences	—	—	(15)	—	(100)	(10)	(125)
Closing net book amount	32	51,120	531	68	1,105	592	53,448
<b>At 31 March 2020</b>							
Cost	5,565	54,000	9,332	1,388	4,112	1,880	76,277
Accumulated depreciation	(5,533)	(2,880)	(8,801)	(1,320)	(3,007)	(1,288)	(22,829)
Net book amount	32	51,120	531	68	1,105	592	53,448

As at 31 March 2020, the Group has pledged land and buildings with carrying amount of approximately HK\$51,120,000 (2019: approximately HK\$52,200,000) to secure the Group's borrowing (Note 29).

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 16. Leases

#### (i) Right-of-use assets

	<b>Office premises</b> HK\$'000
As at 1 April 2019	
Carrying amount	—
As at 31 March 2020	
Carrying amount	1,324
For the year ended 31 March 2020	
Expense related to short-term leases with lease terms end with 12 months of the date of initial application of HKFRS 16	4,610
Total cash outflow for leases	1,601
Addition to right-of-use assets	1,992
Depreciation charge	(634)
Exchange difference	(34)

#### (ii) Lease Liabilities

	<b>2020</b> HK\$'000
Minimum lease payments due	
— Within 1 year	1,214
— Between 1 and 2 years	172
	1,386
Less: future finance charges	(43)
Present value of lease liabilities	1,343

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 16. Leases (Continued)

#### (ii) Lease Liabilities (Continued)

	2020 HK\$'000
Within 1 year	1,171
Between 1 and 2 years	172
Total lease liabilities	1,343

The Group leases various office premises and warehouse for operation. Property leases are typically made for fixed period of 1 to 3 years. Lease terms are negotiated on an individual basis and contain various different terms and conditions.

Lease obligations of approximately HK\$1,343,000 are denominated in RMB. The lease obligation do not contain any renewable and termination options.

Depreciation expenses have been charged in "General and administrative expenses" in the consolidated statement of profit or loss.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

On 3 October 2019, Finet Holdings Limited ("FHL"), an indirect wholly-owned subsidiary of the Company, entered into the tenancy agreement with Cyber Feel Limited ("Cyber Feel") in respect of the premises for a term of twenty-four months commencing on 18 October 2019 at a monthly rental of HK\$338,000, with an option granted to FHL to renew the tenancy agreement for a further term of two years term at market rent. Such option can be exercised during the period after 31 March 2020 but prior to the one-month period immediately preceding the expiry of the tenancy agreement ("Option Period"). FHL shall also be entitled to terminate the tenancy agreement during the Option Period by giving two months' notice in writing to Cyber Feel. The Board of directors considered the tenancy agreement as a short-term lease and it enable the Group has flexibility on the tenancy, the Group may highly probable exercising the termination rights as the management has been implementing the relocation plan of the Group's office premises.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 17. Investment Properties

	2020 HK\$'000	2019 HK\$'000
<b>Beginning of year</b>	<b>32,700</b>	32,500
Net gain from fair value adjustment	—	200
<b>End of year</b>	<b>32,700</b>	32,700

The Group's interests in investment properties at their carrying amount are analyzed as follows:

	2020 HK\$'000	2019 HK\$'000
Leases of between 10 to 50 years, held in:		
— The PRC	<b>32,700</b>	32,700

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

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

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

The Group leases its investment properties under operating lease. The leases run for initial period of 1 year for fixed rentals. As at 31 March 2020, the Group had no minimum lease payments receivables on the leases.

At 31 March 2019, the valuation gain is included in "Other income and other losses" in the consolidated statement of profit or loss (Note 6).

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 17. Investment Properties (Continued)

The following tables present the investment properties of the Group carried at fair value by valuation method as at 31 March 2020 and 2019:

#### Fair value hierarchy

	Quoted prices in active markets for identified assets Level 1 HK\$'000	Significant other observable inputs Level 2 HK\$'000	Significant unobservable inputs Level 3 HK\$'000	Total HK\$'000
<b>2020</b>				
Recurring fair value measurements				
Investment properties:				
— The PRC	—	32,700	—	32,700

	Quoted prices in active markets for identified assets Level 1 HK\$'000	Significant other observable inputs Level 2 HK\$'000	Significant unobservable inputs Level 3 HK\$'000	Total HK\$'000
<b>2019</b>				
Recurring fair value measurements				
Investment properties:				
— The PRC	—	32,700	—	32,700

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 18. Intangible Assets

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

**At 1 April 2018, 31 March 2019, 1 April 2019 and 31 March 2020**

Cost and net book amount	950
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Trading rights issued by Stock Exchange and Hong Kong Futures Exchange Limited allows the Group to trade securities and future contracts on or through the exchange. The trading rights held by the Group are considered by the directors of the Company as having indefinite useful lives because they are expected to contribute net cash inflows indefinitely.

The trading rights will not be amortized until their useful life is determined to be finite. Instead, they will be tested for impairment annually and whenever there is an indication that they may be impaired. The recoverable amounts of the cash generating units relating to securities and futures business whereby these trading rights are allocated to, using a discounted cashflow method, exceed the carrying amounts. Accordingly, there is no impairment of the trading rights as at 31 March 2020 and 2019.

### 19. Statutory Deposits and Other Assets

	2020 HK\$'000	2019 HK\$'000
Hong Kong Securities and Futures Commission		
— Securities dealer deposit	—	100
— Commodity dealer deposit	—	100
The Stock Exchange of Hong Kong Limited		
— Compensation fund deposit	50	50
— Fidelity fund deposit	50	50
Hong Kong Securities Clearing Company Limited		
— Guarantee fund	50	50
— Admission fee	50	50
— Shanghai Hong Kong Connection Deposit	251	251
Stamp duty deposit	5	5
	456	656

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 20. General Information of Subsidiaries

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

<b>Name</b>	<b>Place of incorporation/ establishment and kind of legal entity</b>	<b>Principal activities and place of operations</b>	<b>Particulars of issued capital/registered capital</b>	<b>Interest held</b>
Finet Finance Limited	Hong Kong, limited liability company	Money lending	Ordinary HK\$2	100% (Indirect)
Finet Financial Services (Hong Kong) Company Limited	Hong Kong, limited liability company	Inactive	Ordinary HK\$50,000	100% (Direct)
Finet Information Services Limited	Hong Kong, limited liability company	Investment holding	Ordinary HK\$2	100% (Indirect)
Finet Securities Limited	Hong Kong, limited liability company	Acting as dealer in securities and commodities and trading in securities and commodities	Ordinary HK\$42,000,000	100% (Direct)
Finet Wealth Management Company Limited	Hong Kong, limited liability company	Inactive	Ordinary HK\$10,000	100% (Indirect)
FinTV e-commerce Limited	Hong Kong, limited liability company	Inactive	Ordinary HK\$50,000	50% (Indirect)
FinTV Video Company Limited	Hong Kong, limited liability company	Video making	Ordinary HK\$10,000	50% (Indirect)
Hong Kong Affairs Limited	Hong Kong, limited liability company	Data hosting	Ordinary HK\$10,000	100% (Indirect)
Source Mega Properties Limited	Hong Kong, limited liability company	Inactive	Ordinary HK\$10,000	100% (Indirect)
Xian Dai Communications Limited	Hong Kong, limited liability company	Financial public relationship business	Ordinary HK\$100	50% (Indirect)
Xian Dai Creative Advertising Company Limited	Hong Kong, limited liability company	On-line and off-line advertising	Ordinary HK\$10,000	50% (Indirect)
Xian Dai TV Limited	Hong Kong, limited liability company	Media business	Ordinary HK\$18,000,000	50% (Indirect)
China Hong Kong News Group Limited	Hong Kong, limited liability company	Investment holding	Ordinary HK\$10,000	100% (Indirect)
Maxon Management Limited	Hong Kong, limited liability company	Investment holding	Ordinary HK\$1	100% (Indirect)
Finet Management Services Limited	Hong Kong, limited liability company	Media business	Ordinary HK\$10,000	100% (Indirect)
Dynamic Vision (Hong Kong) Limited	Hong Kong, limited liability company	Inactive	Ordinary HK\$10,000	37.5% (Indirect)
Finet Asset Management Limited	Hong Kong, limited liability company	Inactive	Ordinary HK\$10,000	100% (Indirect)
Finet Corporate Finance Limited	Hong Kong, limited liability company	Inactive	Ordinary HK\$10,000	100% (Indirect)

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

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

Name	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operations	Particulars of issued capital/registered capital	Interest held
Finet Holdings Limited	Hong Kong, limited liability company	Provision of financial information management and technology solutions, internet advertising and investment holding in Hong Kong	Ordinary HK\$68,990,025	100% (Indirect)
Finet News Services Limited	Hong Kong, limited liability company	Provision of financial information services in Hong Kong and the PRC and investment holding	Ordinary HK\$10,000	100% (Indirect)
Finet Group (BVI) Limited	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of US\$1 each	100% (Direct)
Finet New Media Limited	British Virgin Islands, limited liability company	Investment holding	10,000 ordinary shares of HK\$1 each	100% (Indirect)
Avaya Lane Limited	British Virgin Islands, limited liability company	Inactive	10,000 ordinary shares of US\$1 each	100% (Indirect)
Finet Securities SPC Limited	Cayman Islands, limited liability company	Investment holding	100 management shares of US\$1 each 500 participant shares of US\$0.01 each	100% (Indirect)
Finet Group Technology (Shenzhen) Limited	PRC, wholly foreign owned enterprise	Provision of financial information services in the PRC	Registered and paid-up capital of HK\$11,000,000	100% (Direct)
北京財華金科信息諮詢有限公司	PRC, limited liability company	Financial services	Registered and paid-up capital of RMB200,000	100% (Indirect)
現代電視文化傳播(深圳)有限公司	PRC, limited liability company	Media business	Registered and paid-up capital of RMB100,000	100% (Indirect)
財華金科網絡技術開發(深圳)有限公司	PRC, wholly foreign owned enterprise	Provision of financial information services in the PRC	Registered and paid-up capital of HK\$10,000,000	100% (Indirect)
財華科技信息(深圳)有限公司	PRC, limited liability company	Inactive	Registered and paid-up capital of RMB100,000	100% (Indirect)
深圳市財華智庫信息技術有限公司	PRC, limited liability company	Value-added telecommunication business	Registered and paid-up capital of RMB1,000,000	100% (Indirect) (Note (i))

Note:

(i) **Consolidated structured entity**

PRC laws and regulations restrict foreign investors from owning more than 50% equity interests in any enterprise engaged in value-added telecommunication business (the "Restricted Business").

During the year ended 31 March 2019, the Group decided to engage in the provision of service for internet content provider which is categorized under the Restricted Business. Therefore, 深圳市財華智庫信息技術有限公司 (the "Structured Entity") was established and under the legal ownership of an independent third party. A series of agreements (the "Contractual Arrangements") were entered into between the Group and the legal owners on 30 November 2018.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 20. General Information of Subsidiaries (Continued)

Note: (Continued)

### (i) Consolidated structured entities (Continued)

The Contractual Arrangements both comprised of (a) option agreement, (b) proxy agreement, (c) consultancy and services agreement and (d) share pledge agreement. Key provisions of the Contractual Arrangements are as follows:

#### Exclusive Option Agreement

The Group, the Structured Entity and the legal owners entered into an exclusive option agreement (the "Exclusive Option Agreement") whereby the legal owners have irrevocably and unconditionally agree, to the extent permitted under the laws of the PRC, to transfer to the Group or any other entities or persons designated by the Group their equity interests in the Structured Entities. The Group may exercise, at its sole discretion, its rights at any time and in any manner permitted under the laws of the PRC. The exercise price of the rights payable to each of the legal owners is the lower of (a) the amount of registered capital contributed by the respective legal owner in accordance with their respective percentage of equity interest in the Structured Entity and (b) the lowest price permitted under the laws of the PRC. The entire consideration received by the legal owners in exercising the option would be transferred to the Group within 10 days. In respect of the Contractual Arrangements, the Exclusive Option Agreement contains an undertaking from 財華智庫's legal owners to return to the Company any consideration they received when the Company acquires the equity interest of 財華智庫 upon unwinding the Contractual Arrangements.

The Exclusive Option Agreement will be terminated when all the rights and assets in the Structured Entity are transferred to the Group and/or other entities or persons designated by the Group in accordance with the terms of the Exclusive Option Agreement and the laws of the PRC.

#### Proxy Agreement

The Group, the Structured Entity and the legal owners entered into a proxy agreement (the "Proxy Agreement") whereby the legal owners have irrevocably undertake that they will authorize persons designated by the Group to exercise on their behalf the rights as a shareholder of the Structured Entity under the articles of association of the Structured Entity, including but not limited to (a) the right to convene and attend shareholders' meeting; and (b) the right to vote as shareholders.

The Proxy Agreement will be valid until terminated in writing by all parties.

#### Consultancy and Services Agreement

The Group and the Structured Entity entered into an exclusive consultancy and services agreement ("Consultancy and Services Agreement") whereby the Structured Entity engage the Group on an exclusive basis to provide consultancy services in relation to technology approval, technology support, technology consultation and other related corporate consultation services.

In consideration of the provision of the aforementioned services by the Group, the Structured Entity will pay the Group (a) a service fee equivalent to the entire profit after taxation of the Structured Entities, with calculation in accordance to HKFRSs, after setting off any accumulated loss after taxation in the prior years; and (b) another service fee agreed separately between the Structured Entity and the Group for specific technology services provided by the Group on the request of the Structured Entity.

The Consultancy and Services Agreement will be valid until terminate in writing by both parties or in accordance with the requirements by the laws of the PRC.

#### Share Pledge Agreement

The Group, the Structured Entity and the legal owners entered into a share pledge agreement (the "Share Pledge Agreement") whereby the legal owners have irrevocably and unconditionally agree that the Group shall be entitled to enforce the pledge in accordance with the terms of the Share Pledge Agreement.

The Share Pledge Agreement will remain in effect until the later to occur of the following: (a) all of the obligations of the legal owners and the Structured Entity under the Option Agreement, the Consultancy and Services Agreement and the Proxy Agreement are satisfied in full or (b) all the direct, indirect or incidental loss suffered by the Group as a result of the breach by the legal owners or the Structured Entity under the Option Agreement, the Proxy Agreement and/or the Consultancy and Services Agreement has been discharged in full.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 21. Trade Receivables

	2020 HK\$'000	2019 HK\$'000
Trade receivables (Note (i))	5,572	11,233
Less: Provision for impairment loss of trade receivables	<b>(2,714)</b>	(2,889)
Trade receivables, net	<b>2,858</b>	8,344

Notes:

- (i) As at 31 March 2020, the trade receivables of amount approximately HK\$2,470,000 (2019: HK\$2,950,000) related to the Group's related company.

The credit terms granted by the Group to its customers range from 10 days to 90 days from the date of billing. The carrying amounts of the trade receivables approximate to their fair values as these financial assets, which are measured at amortized cost, are expected to be paid within a short period of time, such that the impact of the time value of money is not significant. At 31 March 2020 and 2019, the aging analysis of the trade receivables are as follows:

	2020 HK\$'000	2019 HK\$'000
0-30 days	1,101	7,849
31-60 days	636	47
61-90 days	76	408
Over 90 days	<b>1,045</b>	40
	<b>2,858</b>	8,344

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

	2020 HK\$'000	2019 HK\$'000
At the beginning of year	2,889	1,197
Initial recognition of HKFRS 9	—	173
(Decrease)/increase in impairment allowance recognized in profit or loss during the year	<b>(140)</b>	1,519
Exchange adjustments	<b>(35)</b>	—
At the end of year	<b>2,714</b>	2,889

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 21. Trade Receivables (Continued)

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2020 HK\$'000	2019 HK\$'000
Hong Kong dollars	2,858	4,943
Renminbi	—	3,398
United States dollars	—	3
	<b>2,858</b>	<b>8,344</b>

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

### 22. Prepayment, Deposits and Other Receivables

	2020 HK\$'000	2019 HK\$'000
Prepayment	1,194	1,636
Utility and other deposits	2,285	4,047
Other receivables	1,462	309
	<b>4,941</b>	<b>5,992</b>

### 23. Financial Assets at Fair Value Through Profit or Loss

	2020 HK\$'000	2019 HK\$'000
Equity securities listed in Hong Kong, at fair value	1,013	1,278

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 23. Financial Assets at Fair Value Through Profit or Loss (Continued)

During the year ended 31 March 2020, the realized and unrealized loss on financial assets at fair value through profit or loss were approximately HK\$54,000 (2019: approximately HK\$2,393,000) and approximately HK\$147,000 (2019: approximately HK\$648,000) respectively. Details of the equity investee of which the carrying amount is significant to the Group at 31 March 2020 and 2019 are as follows:

#### At 31 March 2020

Name of company	Place of incorporation	Class of shares held	Proportion of the nominal value issued ordinary shares held by the Group	Number of shares held by the Group as at 31 March 2020	Unrealized loss during year HK\$'000
Daisho Microline Holdings Limited (SEHK: 0567)	Bermuda	Ordinary shares	0.09%	510,000	61
Xiaomi Corporation (SEHK: 1810)	Cayman Islands	Ordinary shares	0.0004%	91,200	86

#### At 31 March 2019

Name of company	Place of incorporation	Class of shares held	Proportion of the nominal value issued ordinary shares held by the Group	Number of shares held by the Group as at 31 March 2019	Unrealized loss during year HK\$'000
Daisho Microline Holdings Limited (SEHK: 0567)	Bermuda	Ordinary shares	0.17%	1,000,000	225
Xiaomi Corporation (SEHK: 1810)	Cayman Islands	Ordinary shares	0.0003%	91,200	423

The fair value of all equity securities are based on their current market prices in an active market. The Group held listed equity securities with a total market value of approximately HK\$1,013,000 (2019: approximately HK\$1,278,000) as at 31 March 2020.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 23. Financial Assets at Fair Value Through Profit or Loss (Continued)

The following table presents the financial assets at fair value through profit or loss that are measured at fair value at 31 March 2020:

	Quoted prices in active markets for identified assets Level 1 HK\$'000	Significant other observable inputs Level 2 HK\$'000	Significant unobservable inputs Level 3 HK\$'000	Total HK\$'000
Financial assets at fair value through profit or loss	1,013	—	—	1,013

The following table presents the financial assets at fair value through profit or loss that are measured at fair value at 31 March 2019:

	Quoted prices in active markets for identified assets Level 1 HK\$'000	Significant other observable inputs Level 2 HK\$'000	Significant unobservable inputs Level 3 HK\$'000	Total HK\$'000
Financial assets at fair value through profit or loss	1,278	—	—	1,278

Financial assets at fair value through profit or loss are denominated in HK\$.

### 24. Amounts Due from/(to) Related Companies

Name of related companies	Maximum outstanding amount during the year	2020	2019
	HK\$'000	HK\$'000	HK\$'000
International Links Limited ("International Links")	2,949	2,654	674
Maxx Capital Finance Limited ("Maxx Capital Finance")	1,962	1,766	1,279
Finet Job Limited ("Finet Job")	29	26	29
China HK Finance Group Limited ("China HK Finance")	23	21	23
XD Finance Limited ("XD Finance")	N/A	(42)	(42)
China Finance Holdings Limited ("China Finance")	20	18	—
財華金晟投資管理(珠海)有限公司("財華金晟")	474	427	—
Top 100 Hong Kong Listed Companies Research Centre Company Limited ("Top 100")	480	427	—
		<b>5,297</b>	1,963

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 24. Amounts Due from/(to) Related Companies (Continued)

	2020 HK\$'000
Gross amount of amounts due from related companies	5,932
Less: Provision for impairment loss of amounts due from related companies	<u>(593)</u>
Amounts due from related companies	<u>5,339</u>

Movement of the provision for impairment loss of amounts due from related companies were as follows:

	2020 HK\$'000
At the beginning of the year	—
Increase in impairment allowance recognized in profit or loss during the year	<u>593</u>
At the end of the year	<u>593</u>

International Links, Maxx Capital Finance, Finet Job, China HK Finance, XD Finance, China Finance, 財華金晟 and Top 100 are beneficially owned by Ms. LO, the chairman and the executive director of the Company.

As at 31 March 2020 and 2019, the amounts due were unsecured, interest-free and have no fixed term of repayment.

### 25. Cash and Cash Equivalents

	2020 HK\$'000	2019 HK\$'000
Cash at banks and in hand	<u>8,296</u>	12,749

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

At 31 March 2020, approximately 93% (2019: approximately 62%) of the Group's bank balances and deposits are denominated in Hong Kong dollars, approximately 4% (2019: approximately 32%) in United States dollar and approximately 3% (2019: approximately 6%) in Renminbi, Renminbi is not a freely convertible currency and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 26. Accounts Payable

	2020 HK\$'000	2019 HK\$'000
Accounts payable arising from securities broking		
— Clients	818	240
Accounts payable arising from futures broking		
— Clients	—	13
Other accounts payable	1,633	1,630
Accounts payable	<b>2,451</b>	1,883

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 2020 and 2019, the aging analysis of the other accounts payable were as follows:

	2020 HK\$'000	2019 HK\$'000
Over 90 days	1,633	1,630

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

	2020 HK\$'000	2019 HK\$'000
Renminbi	11	12
Hong Kong dollars	2,440	1,862
United States dollars	—	9
	<b>2,451</b>	1,883

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 27. Accruals and other payables

	2020 HK\$'000	2019 HK\$'000
Rental deposits received	617	467
Other payables	546	2,605
Accruals	4,105	4,656
	<b>5,268</b>	<b>7,728</b>

### 28. Contract Assets/(Contract Liabilities)

	2020 HK\$'000	2019 HK\$'000
Contract assets, net of allowance ( <i>Note (i), (v)</i> )	—	100
Contract liabilities ( <i>Note (ii), (iii), (iv)</i> )	—	(2,044)

Movement on the provision for impairment loss of contract assets were as follows:

	2020 HK\$'000	2019 HK\$'000
At the beginning of year	61	—
(Reversal of)/provision for loss allowance	(61)	61
At the end of year	—	61

Notes:

- (i) The Group's contracts include payment schedules which require stage payments over contract period conditional on achieving certain milestones or satisfactory completion, the Group recognizes the related revenue before being unconditional entitled to the consideration for the promised services in the contract.
- (ii) The Group receives payment from customers based on billing schedule as established in contracts. Payment are usually received in advance of the performance under the contracts which are mainly from provision of services.
- (iii) Information about the impairment of contract assets and the Group's exposure to credit risk can be found in Note 3.1.
- (iv) During the year ended 31 March 2020, the Group has recognised revenue of approximately HK\$2,044,000 that has included in the contract liabilities balance at the beginning of the year.
- (v) The contract assets of approximately HK\$161,000 was settled during the year ended 31 March 2020.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 29. Borrowings

	2020 HK\$'000	2019 HK\$'000
Secured bank borrowings	<b>12,603</b>	14,436
At the end of the reporting period, the borrowings are repayable as follows:		
Within 1 year	<b>1,769</b>	1,833
Between 1 and 2 years	<b>1,834</b>	1,769
Between 2 and 5 years	<b>3,000</b>	3,898
Over 5 years	<b>6,000</b>	6,936
	<b>12,603</b>	14,436

As at 31 March 2020, the borrowings of approximately HK\$1,603,000 (2019: approximately HK\$2,436,000) carried at floating rate of Hong Kong Interbank Offer Rate ("HIBOR") plus 1.25% per annum (2019: at floating rate of Hong Kong Interbank Offer Rate ("HIBOR") plus 1.25% per annum). The borrowings of approximately HK\$11,000,000 carried at floating rate of HIBOR plus 1.75% per annum (2019: approximately HK\$12,000,000 carried at floating rate of HIBOR plus 1.75% per annum). The effective interest rate for the borrowings ranging from 2.90% to 4.46% (2019: 3.35% to 3.63%) per annum. The carrying amounts of the borrowings are denominated in Hong Kong dollars.

As at 31 March 2020 and 2019, the borrowings was pledged by certain land and buildings of the Group (Note 15) and a personal guarantee was given by the chairman of the Company for the Group's borrowings.

The borrowings are classified as current liabilities because the related loan agreement contains a repayment on demand clause which gives the lender the unconditional right to call the loan at any time.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 30. Deferred Tax Liabilities

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

	<b>Revaluation of properties</b>	<b>Accelerated tax depreciation</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
At 1 April 2018	10,865	422	11,287
Charge to consolidated statement of profit or loss	127	(106)	21
At 31 March 2019 and 1 April 2019	10,992	316	11,308
Credited to consolidated statement of profit or loss	—	(124)	(124)
At 31 March 2020	<b>10,992</b>	<b>192</b>	<b>11,184</b>

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

Pursuant to the relevant laws and regulations in the PRC, the Group has deferred tax assets not recognized on unused tax losses of approximately HK\$8,905,000 (31 March 2019: approximately HK\$8,402,000) arose in the PRC to carry forward to set off against future taxable income which will expire within 1 to 5 years from each of the financial year end date.

### 31. Share Capital

	<b>2020</b>		<b>2019</b>	
	<b>Number of shares</b>	<b>Amount HK\$'000</b>	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 (2019: HK\$0.01) each	<b>15,000,000,000</b>	<b>150,000</b>	15,000,000,000	150,000
Authorized: <b>At the beginning of year and at the end of year</b>	<b>15,000,000,000</b>	<b>150,000</b>	15,000,000,000	150,000
Issued and fully paid: <b>At the beginning of year and at the end of year</b>	<b>666,538,774</b>	<b>6,665</b>	666,538,774	6,665

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 32. Share-Based Payments

The Company's share option scheme adopted on 4 September 2014. (the "Share Option Scheme"). The Share Option Scheme are share incentive scheme and is established to recognize and acknowledge the contributions which the eligible participants thereunder have made or may make to the Group. The Share Option Schemes are aimed to provide the eligible participants with the opportunity to own a personal stake in the Company with a view to achieving the objectives of motivating the eligible participants and attracting/or and retaining or otherwise maintaining on-going relationship with the eligible participants whose contributions are, will be or are likely to be beneficial to the long term growth of the Group.

The Share Option Scheme approved by the shareholders' written resolutions, is valid and effective for a period of 10 years from 4 September 2014, the remaining life of the Share Option Scheme is 4 years.

An offer for the grant of share options must be accepted within 7 days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.

As at 31 March 2020, the total number of shares in respect of which share options may be granted under the Share Option Scheme is not permitted to exceed 26,921,888 shares, representing 4.04% of the total number of shares of the Company as at 31 March 2020.

Under the Share Option Scheme, the Company may grant to directors and employees of the Group and any other persons who, in the sole discretion of the Board, have contributed or will contribute to the Group which options granted shall be vested after completion of the vesting period. The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the share option scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the total number of shares in issue from time to time.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 10% of the shares in issue at the date of the passing of the relevant ordinary resolution. If any option is to be granted to connected person(s), it must be approved by independent non-executive directors or independent shareholders as the case may be.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option scheme to eligible participants in any 12 months period up to the date of grant shall not exceed 1% of the shares in issue as the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the approval of shareholders in a general meeting.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 32. Share-Based Payments (Continued)

The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall not be less than the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; or (iii) the nominal value of a share.

As at 31 March 2020, the number of shares in respect of the options granted and remained outstanding under the Share Option Scheme was 9,160,000, representing 1.37% of the issued shares of the Company. As at the date of this annual report, the number of shares available for issue under the Share Option Scheme was 26,921,888 shares, representing 4.04% of the issued shares of the Company. The exercise price per share is HK\$0.49.

The following table discloses movements of the share options granted during the year ended 31 March 2020:

Grantee	Date of grant	Adjusted exercise price	Exercise period	Outstanding as at 1 April 2019	Granted during the year	Exercised during the year	Cancelled during the year	Outstanding as at 31 March 2020
<b>Share Option Scheme:</b>								
<b>Executive Director</b>								
Ms. Lo Yuk Yee	17 April 2019	HK\$0.49	Note 1	—	660,000	—	—	660,000
Mr. Lee Yu Chung	17 April 2019	HK\$0.49	Note 1	—	2,000,000	—	—	2,000,000
Sub-total				—	2,660,000	—	—	2,660,000
<b>Employee</b>	17 April 2019	HK\$0.49	Note 1	—	14,500,000	—	(8,000,000)	6,500,000
Sub-total				—	14,500,000	—	(8,000,000)	6,500,000
Total				—	17,160,000	—	(8,000,000)	9,160,000
Weighted average exercise price				—	N/A	N/A	N/A	HK\$0.49

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

The fair value of options granted on 17 April 2019 was using the Binomial Option Pricing Model at the date of grant; no subsequent revaluation at the year ended is required. The significant inputs into the model were closing share price of HK\$0.490 at the grant date, exercise price of HK\$0.490, volatility of 62.50%, dividend yield of nil, expected option lives ranging 5.38 years, and annual risk-free interest of 1.58%.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 32. Share-Based Payments (Continued)

Note:

1. For share options granted on 17 April 2019

Validity period: The outstanding share options are exercisable for a period of 2.38 years commencing from the end of the respective vesting period in the manner as stated below.

	<b>As at</b>	As at
	<b>31 March</b>	31 March
	<b>2020</b>	2019
Vesting period:	100%	N/A
	3 years after 17 April 2019	

During the year ended 31 March 2020, employees share-based payment amounts of approximately HK\$360,000 has been included in the consolidated statement of profit or loss with a corresponding debit to the share based-payments reserve.

At 31 March 2019, the Company had no outstanding share options.

### 33. Commitments

#### The Group as Lessee

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

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

	2019
	HK\$'000
No later than 1 year	3,263

### 34. 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 consolidated financial statements in respect thereof.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 35. Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	<b>Borrowings</b> <i>Note 29</i> HK\$'000	<b>Loans from shareholder</b> <i>Note 36(b)</i> HK\$'000	<b>Lease liabilities</b> <i>Note 16</i> HK\$'000	<b>Total</b> HK\$'000
At 1 April 2018	16,846	—	—	16,846
Financing cash flows	(2,901)	7,500	—	4,599
Interest expense	491	—	—	491
Transfer from accruals and other payables	—	7,225	—	7,225
At 31 March 2019 and 1 April 2019	14,436	14,725	—	29,161
Financing cash flows	<b>(2,338)</b>	<b>7,000</b>	<b>(665)</b>	<b>7,873</b>
Interest expense	<b>505</b>	—	<b>51</b>	<b>556</b>
New lease entered	—	—	<b>1,992</b>	<b>1,992</b>
Transfer from accruals and other payables	—	<b>10,843</b>	—	<b>6,967</b>
Received on behalf of the Group	—	<b>(7,661)</b>	—	<b>(7,661)</b>
Exchange adjustments	—	—	<b>(35)</b>	<b>(35)</b>
Contribution of equity	—	<b>(1,981)</b>	—	<b>(1,981)</b>
At 31 March 2020	<b>12,603</b>	<b>22,926</b>	<b>1,343</b>	<b>36,872</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 36. Significant Related Parties Transactions

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

#### (a) Transaction with related parties

	2020 HK\$'000	2019 HK\$'000
Income from financial information services received from Top 100 Hong Kong (Note i)	2,520	2,950
Income from sharing of administrative expenses received from Top 100 Hong Kong (Note i)	475	—
Income from sharing of administrative expenses received from International Links (Note i)	1,716	661
Income from sharing of administrative expenses received from Maxx Capital Finance (Note i)	1,850	1,812
Rental expenses paid to Cyber Feel Limited ("Cyber Feel") (Note i)	3,675	3,962
Rental expenses paid to Great Heep International Investment Limited ("Great Heep") (Note i)	—	330
Loan interest income from the Group's subsidiary director (Note ii)	—	128

Notes:

- (i) Maxx Capital Finance, Top 100 Hong Kong, Great Heep, Cyber Feel and International Links are beneficially owned by Ms. LO, the chairman and the executive director of the Company.
- (ii) 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.

## Notes to the Consolidated Financial Statements

*For the year ended 31 March 2020*

### **36. Significant Related Parties Transactions (Continued)**

#### **(b) Loans from shareholder**

On 28 November 2018, the Group and Ms. LO, entered into a long-term loan facility agreement under which Ms. LO has agreed to make available to the Company an unsecured loan facility amounted to HK\$7,500,000. As at 31 March 2019, full amount of the facility were drawn down. Loans from a shareholder was interest-free and denominated in HK\$.

On 31 March 2019, the Group and Ms. LO entered into a deed of assignment whereas the Group, as the assignor, assigned the outstanding amounts approximately HK\$7,225,000 to Ms. LO.

On 1 April 2019, the Group and Ms. LO, entered into a 2-year loan facility agreement under which Ms. LO has agreed to make available to the Company an unsecured loan facility amounted to HK\$15,000,000. Full amount of the facility were drawn down during the year. Loans from a shareholder was interest-free and denominated in HK\$.

During the year ended 31 March 2020, Ms. LO collected an amount approximately HK\$7,661,000 on behalf of the Group as partial settlement of the loans from shareholder. The Group further repaid a total amount of HK\$8,000,000 during the year. As at 31 March 2020, the Group and Ms. LO entered in a new deed of assignment in replace of previous assignment dated 31 March 2019, whereas the Group, as the assignor, assigned the amounts approximately HK\$16,087,000 to Ms. LO.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

	2020 HK\$'000	2019 HK\$'000
<b>Non-current assets</b>		
Property, plant and equipment	200	280
Investment properties	32,700	32,700
Investments in subsidiaries	35,885	35,885
	<b>68,785</b>	68,865
<b>Current assets</b>		
Amounts due from subsidiaries	5,736	5,017
Amounts due from related companies	238	238
Prepayment, deposits and other receivables	1,030	1,096
Cash and cash equivalents	324	3,719
	<b>7,328</b>	10,070
<b>Total assets</b>	<b>76,113</b>	78,935
<b>Current liabilities</b>		
Accruals and other payables	976	890
Amounts due to subsidiaries	5,512	5,532
	<b>6,488</b>	6,422
<b>Net current assets</b>	<b>840</b>	3,648
<b>Total assets less current liabilities</b>	<b>69,625</b>	72,513
<b>Non-current liabilities</b>		
Loans from shareholder	15,614	4,935
Deferred tax liabilities	10,993	10,993
	<b>26,607</b>	15,928
<b>Net assets</b>	<b>43,018</b>	56,585
<b>Equity</b>		
<b>Capital and reserves attributable to owners of the Company</b>		
Share capital	6,665	6,665
Reserves	36,353	49,920
<b>Total equity</b>	<b>43,018</b>	56,585

LO Yuk Yee  
Director

LEE Yu Chung  
Director

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

	Share premium HK\$'000	Share based- payments reserve HK\$'000	Property revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total reserves HK\$'000
<b>Balance at 31 March 2018 and 1 April 2018</b>	320,095	—	9,989	(235,514)	94,570
<b>Comprehensive expense</b>					
Loss for the year	—	—	—	(44,650)	(44,650)
<b>Balance at 31 March 2019 and 1 April 2019</b>	320,095	—	9,989	(280,164)	49,920
<b>Comprehensive expense</b>					
Loss for the year	—	—	—	(13,927)	(13,927)
Equity settled share-based payment	—	360	—	—	360
<b>Balance at 31 March 2020</b>	<b>320,095</b>	<b>360</b>	<b>9,989</b>	<b>(294,091)</b>	<b>36,353</b>

### 38. Events After the Reporting Period

After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the globe. The Company is paying close attention to the development of, and the disruption to business and economic activities caused by, the COVID-19 outbreak and evaluate its impact on the Company's result of operations, cash flows and financial condition. Given the dynamic nature of the COVID-19 outbreak, it is not practicable to provide a quantitative estimate of the potential impact of this outbreak. As at the date on which the publication of this annual report is approved, the Board was not aware of any material adverse impact on the financial statement as a result of the COVID-19 outbreak.

## Five Year Financial Summary

	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000
<b>RESULTS</b>					
Revenue	<b>25,991</b>	19,637	18,774	10,766	11,183
Operating loss	<b>(18,583)</b>	(27,305)	(26,489)	(23,788)	(39,519)
Finance costs	<b>(556)</b>	(491)	(7,035)	(9,639)	(1,093)
Loss for the year	<b>(19,288)</b>	(28,093)	(36,868)	(32,147)	(40,732)
Loss per share					
— Basic (HK dollar per share)	<b>(0.03)</b>	(0.04)	(0.06)	(0.06)	(0.08)
— Diluted (HK dollar per share)	<b>(0.03)</b>	(0.04)	(0.06)	(0.06)	(0.08)
<b>ASSETS AND LIABILITIES</b>					
Non-current assets	<b>88,878</b>	90,002	92,667	107,086	96,643
Current assets	<b>23,265</b>	30,721	53,120	98,644	43,662
Current liabilities	<b>21,750</b>	26,348	31,048	43,869	29,242
Non-current liabilities	<b>34,282</b>	26,033	11,287	73,983	24,544
Net assets	<b>56,111</b>	68,342	103,452	87,878	86,519

## Properties Held by the Group

Particulars of the Group's investment property is as follows:

<b>No.</b>	<b>Property</b>	<b>Type</b>	<b>Group's effective holding</b>	<b>Gross area (approximately square feet)</b>	<b>Lease term</b>
1	12A03 and 12A04, Anlian Plaza, Junction of Jintian Road and Fuzhong San Road, Futian District, Shenzhen City, Guangdong Province, the People's Republic of China	Commercial	100%	5,325 sq. ft.	Medium term lease with 50 years commencing on 23 January 2002 and expiring on 22 January 2052