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財華社
FINET

FINET GROUP LIMITED

財華社集團有限公司

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

(Stock Code: 8317)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2021

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

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

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

RESULTS HIGHLIGHTS

- The Group reported a turnover of approximately HK\$17.9 million for the year ended 31 March 2021, representing a decrease of approximately 31.1% from approximately HK\$26.0 million of last year.
- The consolidated loss attributable to owners of the Company for the year ended 31 March 2021 was approximately HK\$12.8 million.
- The board of Directors does not recommend the payment of dividend for the year ended 31 March 2021.

ANNUAL RESULTS

The board of Directors (the “Board”) is pleased to present the consolidated results of the Group for the year ended 31 March 2021, together with the comparative figures for the corresponding period in 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	3	17,901	25,991
Cost of sales		<u>(1,689)</u>	<u>(1,876)</u>
Gross profit		16,212	24,115
Other income and other losses	5	9,725	3,885
Selling and marketing expenses		(156)	(569)
General and administrative expenses		(37,636)	(46,014)
Finance costs	6	<u>(476)</u>	<u>(556)</u>
Loss before income tax	7	(12,331)	(19,139)
Income tax expense	8	<u>(240)</u>	<u>(149)</u>
Loss for the year		<u>(12,571)</u>	<u>(19,288)</u>
(Loss)/profit attributable to:			
— Owners of the Company		(12,830)	(20,293)
— Non-controlling interests		<u>259</u>	<u>1,005</u>
		<u>(12,571)</u>	<u>(19,288)</u>
Loss per share for loss attributable to owners of the Company during the year			
— Basic and diluted (<i>HK dollar per share</i>)	10	<u>(0.02)</u>	<u>(0.03)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the year	(12,571)	(19,288)
Other comprehensive (expense)/income for the year, net of tax:		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	<u>(491)</u>	<u>4,716</u>
Total comprehensive expense for the year	<u>(13,062)</u>	<u>(14,572)</u>
Total comprehensive (expense)/income for the year, attributable to:		
— Owners of the Company	(13,321)	(15,577)
— Non-controlling interests	<u>259</u>	<u>1,005</u>
	<u>(13,062)</u>	<u>(14,572)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Property, plant and equipment		51,843	53,448
Right-of-use assets		438	1,324
Investment properties		33,300	32,700
Intangible assets		950	950
Statutory deposits and other assets		205	456
		86,736	88,878
Current assets			
Trade receivables	11	4,411	2,858
Loan receivables		282	—
Prepayment, deposits and other receivables		4,356	4,941
Financial assets at fair value through profit or loss		—	1,013
Amounts due from related companies		5,296	5,339
Client trust bank balances		163	818
Cash and cash equivalents		18,059	8,296
		32,567	23,265
Total assets		119,303	112,143
Current liabilities			
Accounts payable	12	3,213	2,451
Accruals and other payables		3,794	5,268
Amount due to a related company		42	42
Lease liabilities		410	1,171
Borrowing — on demand or due within one year		23,540	12,603
Tax payables		—	215
		30,999	21,750
Net current assets		1,568	1,515
Total assets less current liabilities		88,304	90,393

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current liabilities			
Loans from shareholder		33,490	22,926
Lease liabilities		38	172
Deferred tax liabilities		11,413	11,184
		44,941	34,282
Net assets		43,363	56,111
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	13	6,665	6,665
Reserves		43,975	56,982
		50,640	63,647
Non-controlling interests		(7,277)	(7,536)
Total equity		43,363	56,111

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The annual results set out in this announcement do not constitute the Group's financial statements for the year ended 31 March 2021 but are extract from those financial statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through profit or loss which are 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.

Going Concern

The Group incurred a net loss of approximately HK\$12,571,000 during the year ended 31 March 2021 and, as of that date, the Group's net current assets was approximately HK\$1,568,000. The Group's current liabilities consist of bank loans of approximately HK\$11,718,000 that contain a repayment on demand clause. At 31 March 2021, the aggregate carrying amount of bank loans repayable after one year amounted to approximately HK\$9,949,000 based on the schedule of repayments set out in the loan agreements.

The Directors 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 renew an existing loan facility for the purpose of meeting 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 and amended standards adopted by the Group

The Group has adopted or early adopted the following amendments to standards and conceptual framework that have been issued and effective for Group's financial year beginning on or after 1 April 2020:

Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>
Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKAS 39, HKFRS 7, HKFRS 9	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concession beyond 30 June 2021</i>
Conceptual Framework for Financial Reporting 2018	<i>Conceptual Framework for Financial Reporting</i>

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.

Amendment to HKFRS 16 — Covid-19-Related Rent Concessions

The Group has early adopted Amendment to HKFRS 16 — Covid-19-Related Rent Concessions retrospectively from 1 April 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to Covid-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met: a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; b. any reduction in lease payments affects only payments due on or before 30 June 2021; and c. there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying Covid-19-related rent concessions. Rent concessions totalling HK\$149,000 have been accounted for as negative variable lease payments and recognized in general and administrative expenses in the consolidated statement of profit or loss for the year ended 31 March 2021, with a corresponding adjustment to the lease liabilities. There is no impact on the opening balance of equity at 1 April 2020.

Amendment to HKFRS 16 — Covid-19-Related Rent Concessions beyond 30 June 2021

The amendment extend the practical expedient available to lessees in accounting for Covid-19-related rent concessions by one year. The reduction in lease payments could only affect payments originally due on or before 30 June 2021 is extended to 30 June 2022. The amendment is effective for annual reporting periods beginning on or after 1 April 2021, with earlier application permitted.

(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 2021 and have not been early adopted by the Group.

Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i> ¹
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i> ¹
Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i> ¹
Annual Improvements to HKFRSs	<i>Annual Improvements to HKFRSs 2018–2020</i> ¹
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> ²
HKFRS 17	<i>Insurance Contracts</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³

¹ Effective for the Group for annual periods beginning on or after 1 April 2022.

² Effective for the Group for annual periods beginning on or after 1 April 2023.

³ Effective date to be determined.

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.

3. REVENUE

An analysis of the Group's revenue for the years ended 31 March 2021 and 2020 are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Service income from provision of financial information service	311	573
Advertising and investor relationship service income	15,267	23,751
Asset management service income	417	—
Commission from brokerage and underwriting services	439	6
Loan interest income	3	—
Rental income from investment properties	1,464	1,661
	<u>17,901</u>	<u>25,991</u>
Revenue from contracts with customers		
— Service income from provision of financial information services	311	573
— Advertising and investor relationship service income	15,267	23,751
— Asset management service income	417	—
— Commission from brokerage and underwriting services	439	6
	<u>16,434</u>	<u>24,330</u>
<i>Represented by:</i>		
Timing of revenue recognition		
— At a point in time	15,706	24,077
— Over time	728	253
	<u>16,434</u>	<u>24,330</u>
Revenue from other sources		
— Loan interest income	3	—
— Rental income from investment properties	1,464	1,661
	<u>1,467</u>	<u>1,661</u>
	<u>17,901</u>	<u>25,991</u>

4. SEGMENT INFORMATION

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

At 31 March 2021 and 2020, details of the four operating segments are 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 business that specializes in the provision of brokerage, underwriting and asset management services;
- (iii) money lending business; and
- (iv) property investment business.

The segment results for the year ended 31 March 2021 are as follows:

	Financial information, advertising and investor relationship service business <i>HK\$'000</i>	Securities business <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Property investment business <i>HK\$'000</i>	Group <i>HK\$'000</i>
Gross revenue	15,578	856	3	1,464	17,901
Revenue from external customers	15,578	856	3	1,464	17,901
Segment results	(9,926)	(1,076)	(28)	(825)	(11,855)
Finance costs					(476)
Loss before income tax					(12,331)
Income tax expense					(240)
Loss for the year					(12,571)
Other segment items included in the consolidated statement of profit or loss are as follows:					
Interest income from bank deposits	7	4	—	—	11
Finance costs	(476)	—	—	—	(476)
Provision for impairment loss of loan receivables	—	—	(21)	—	(21)
Provision for impairment loss of trade receivables	(82)	—	—	—	(82)
Reversal of impairment loss of amounts due from related companies	5	—	—	—	5
Fair value change on financial assets at fair value through profit or loss	—	1,097	—	—	1,097
Depreciation of property, plant and equipment	(2,230)	(13)	—	—	(2,243)
Depreciation of right-of-use assets	(1,405)	—	—	—	(1,405)

The segment results for the year ended 31 March 2020 are as follows:

	Financial information, advertising and investor relationship service business HK\$'000	Securities business HK\$'000	Money lending business HK\$'000	Property investment business HK\$'000	Group HK\$'000
Gross revenue	24,458	6	—	1,661	26,125
Inter-segment revenue	(134)	—	—	—	(134)
Revenue from external customers	<u>24,324</u>	<u>6</u>	<u>—</u>	<u>1,661</u>	<u>25,991</u>
Segment results	(13,393)	(4,687)	(13)	(490)	(18,583)
Finance costs					<u>(556)</u>
Loss before income tax					(19,139)
Income tax expense					<u>(149)</u>
Loss for the year					<u><u>(19,288)</u></u>
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 impairment loss of contract assets	61	—	—	—	61
Reversal of 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	<u>(634)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(634)</u>

Segment revenue reported above represented revenue generated from external customers. There were no inter-segment sales in current year.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, investment properties, intangible assets, trade receivables, loan receivables, prepayment, deposits and other receivables, amounts due from related companies, financial assets at fair value through profit or loss, client trust bank balances and cash and cash equivalents.

Segment liabilities are measured in the same way as in the consolidated financial statements. These liabilities are allocated based on the operations of the segment.

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

The segment assets and liabilities at 31 March 2021 and capital expenditure for the year then ended are as follows:

	Financial information, advertising and investor relationship service business <i>HK\$'000</i>	Securities business <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Property investment business <i>HK\$'000</i>	Group <i>HK\$'000</i>
Assets	<u>75,607</u>	<u>9,297</u>	<u>337</u>	<u>34,062</u>	<u>119,303</u>
Liabilities	<u>45,135</u>	<u>1,778</u>	<u>—</u>	<u>29,027</u>	<u>75,940</u>
Capital expenditure	<u>538</u>	<u>2</u>	<u>—</u>	<u>—</u>	<u>540</u>

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 <i>HK\$'000</i>	Securities business <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Property investment business <i>HK\$'000</i>	Group <i>HK\$'000</i>
Assets	<u>69,234</u>	<u>8,392</u>	<u>25</u>	<u>34,492</u>	<u>112,143</u>
Liabilities	<u>26,837</u>	<u>1,355</u>	<u>257</u>	<u>27,583</u>	<u>56,032</u>
Capital expenditure	<u>42</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>42</u>

The Group mainly operates in Hong Kong and the PRC.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue		
Hong Kong	14,564	20,456
The PRC	<u>3,337</u>	<u>5,535</u>
	<u>17,901</u>	<u>25,991</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Total assets		
Hong Kong	77,355	62,885
The PRC	<u>41,948</u>	<u>49,258</u>
	<u><u>119,303</u></u>	<u><u>112,143</u></u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets		
Hong Kong	52,327	54,810
The PRC	<u>34,409</u>	<u>34,068</u>
	<u><u>86,736</u></u>	<u><u>88,878</u></u>

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

Information about major customers

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A ¹	2,760	NA ²
Customer B ¹	<u>2,000</u>	<u>NA²</u>

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

² The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. OTHER INCOME AND OTHER LOSSES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest income from bank deposits	11	7
Income from sharing of administrative expenses	5,783	4,041
Fair value changes on investment properties	600	—
Fair value changes on financial assets at fair value through profit or loss	1,097	(201)
Government grants (<i>Note (a)</i>)	2,199	—
Sundry income	35	38
	<u>9,725</u>	<u>3,885</u>

Note:

- (a) During the year ended 31 March 2021, the Group have recognized in the consolidated statement of profit or loss a subsidy of approximately HK\$2,149,000 from the Employment Support Scheme and approximately HK\$50,000 from the special subsidy Anti-Epidemic Fund for the securities industry introduced by the Government of Hong Kong.

6. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest expense on borrowing	425	505
Interest expense on lease liabilities	51	51
	<u>476</u>	<u>556</u>

7. LOSS BEFORE INCOME TAX

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

	2021 HK\$'000	2020 HK\$'000
Expenses related to short-term leases payments		
— in respect of rented premises	4,091	4,602
— in respect of office equipment	—	8
Employee benefits expense (including directors' emoluments)	22,163	26,162
Provision for/(reversal of) impairment loss of trade receivables	82	(140)
Reversal of impairment loss of contract assets	—	(61)
(Reversal of)/provision for impairment loss of amounts due from related companies	(5)	593
Provision for impairment loss of loan receivables	21	—
Depreciation of property, plant and equipment	2,243	2,165
Depreciation of right-of-use assets	1,405	634
Direct operating expenses arising on rental-earning investment properties	161	67
Auditors' remuneration		
— Audit service	565	565

8. INCOME TAX EXPENSE

Under the two-tiered profits tax rates regime of Hong Kong, the first HK\$2 million of profits of the qualifying group entity are taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime are taxed at a flat rate of 16.5%.

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

	2021 HK\$'000	2020 HK\$'000
Current tax:		
— Hong Kong Profits Tax	11	268
— EIT	—	5
Deferred tax:	229	(124)
Income tax expense	240	149

9. DIVIDENDS

No dividend was paid or proposed in respect of the year ended 31 March 2021 (2020: Nil) nor has any dividend been proposed since the end of the reporting period.

10. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company for the year ended 31 March 2021 of approximately HK\$12,830,000 (2020: approximately HK\$20,293,000) by the weighted average number of approximately 666,539,000 (2020: 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 share during the year ended 31 March 2021.

The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 March 2021 and 2020.

11. TRADE RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
Trade receivables (<i>Note (i)</i>)	7,213	5,572
Less: Provision for impairment loss of trade receivables	(2,802)	(2,714)
	<u>4,411</u>	<u>2,858</u>

Note:

- (i) As at 31 March 2021, the trade receivables of approximately HK\$2,760,000 (2020: HK\$2,470,000) 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. At 31 March 2021 and 2020, the aging analysis of the trade receivables are as follows:

	2021 HK\$'000	2020 HK\$'000
0–30 days	3,719	1,101
31–60 days	480	637
61–90 days	206	76
Over 90 days	<u>6</u>	<u>1,044</u>
	<u>4,411</u>	<u>2,858</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At the beginning of year	2,714	2,889
Increase/(decrease) in impairment allowance recognized in profit or loss during the year	82	(140)
Exchange adjustments	<u>6</u>	<u>(35)</u>
At the end of year	<u><u>2,802</u></u>	<u><u>2,714</u></u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong dollars	4,159	2,858
Renminbi	<u>252</u>	<u>—</u>
	<u><u>4,411</u></u>	<u><u>2,858</u></u>

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.

12. ACCOUNTS PAYABLE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Accounts payable arising from securities broking		
— Clients	1,609	818
Other accounts payable	<u>1,604</u>	<u>1,633</u>
Accounts payable	<u><u>3,213</u></u>	<u><u>2,451</u></u>

The settlement terms of accounts payable arising from securities brokerage are one or two trade days after the trade execution date.

At 31 March 2021 and 2020, the aging analysis of the other accounts payable were as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Over 90 days	<u><u>1,604</u></u>	<u><u>1,633</u></u>

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

	2021 HK\$'000	2020 <i>HK\$'000</i>
Renminbi	12	11
Hong Kong dollars	3,201	2,440
	3,213	2,451

13. SHARE CAPITAL

	2021		2020
	Number of shares	Amount <i>HK\$'000</i>	Number of shares Amount <i>HK\$'000</i>
Authorized:			
Ordinary shares of HK\$0.01 each	15,000,000,000	150,000	15,000,000,000 150,000
Issued and fully paid:			
At the beginning of year and at the end of year	666,538,774	6,665	666,538,774 6,665

14. CONTINGENT LIABILITIES

During the year ended 31 March 2008, three libel actions were brought by a company and an individual (collectively the "Plaintiffs") against the Group in respect of the publication of words alleged to be defamatory and concerning articles published on the Group's website in 2007. The Plaintiffs sought, among other things, injunctive relief and unliquidated damages. The Executive Directors of the Company are of the opinion that the Group has a meritorious defense against such claims and therefore filed defense on 13 November 2007 and 9 April 2008 against all three libel actions consecutively. No further steps have been taken by the Plaintiffs since the filing of the defense. Accordingly, the 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.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Financial Information, Advertising and Investor Relationship Service Business

The service income generated from advertising and investor relationship business continues to be the major source of revenue of our Group. The revenue from such services recorded a continuous growth over past few years but has recorded a decrease this year due to the impact of Covid-19.

Service income from provision of financial information service business was relatively insignificant in recent years.

Media Business

In addition to the production and distribution of programmes through the branding “FinTV”, the Group 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 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. In order to minimize the default risk of loan receivable, we need to tighten our internal works of credit control measurement. The difficulties in granting loan became higher and relevant income is insignificant in recent years. During the year under review, the Group granted a new loan to an independent third party in the amount of HK\$300,000 (2020: Nil). The relevant interest income amount to approximately HK\$3,000 (2020: Nil) during the year ended 31 March 2021.

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. The Group focuses on securities brokerage, underwriting, and asset management businesses.

The revenue from such business for the year ended 31 March 2021 was approximately HK\$856,000 (2020: approximately HK\$6,000).

As at 31 March 2021, value of asset under management maintained by the subsidiary was approximately HK\$38 million (31 March 2020: approximately HK\$19 million).

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. Under this circumstance, resumption of global economies were delayed and interrupted, as a result of the COVID-19 outbreak, 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.

FINANCIAL REVIEW

Revenue of the Group for the year ended 31 March 2021 was approximately HK\$17,901,000 (2020: approximately HK\$25,991,000), which represented a decrease of approximately 31.1% as compared to the previous financial year. The net decrease was primarily attributable to the decrease in income from financial information services, advertising and investor relationship services of approximately HK\$8,746,000 due to the impact of Covid-19.

Other income of the Group for the year ended 31 March 2021 was approximately HK\$9,725,000 (2020: other income approximately HK\$3,885,000). The increase was mainly due to: (i) an increase in income from sharing of administrative expenses of approximately HK\$1,742,000; (ii) government subsidies of approximately HK\$2,199,000, mainly from the Employment Support Scheme in Hong Kong; and (iii) increase in fair value change on financial assets at fair value through profit or loss of approximately HK\$1,298,000.

Cost of sales of the Group for the year ended 31 March 2021 was approximately HK\$1,689,000 (2020: approximately HK\$1,876,000), which represented a decrease of approximately 10.0% as compared to the previous financial year.

General and administrative expenses of the Group for the year ended 31 March 2021 was approximately HK\$37,636,000 (2020: approximately HK\$46,014,000), representing a decrease of approximately 18.2% as compared to the previous financial year. The decrease was mainly due to the net effect of: (i) decrease in the employee benefit expense of approximately HK\$3,999,000, and (ii) the decrease in operating expenses such as travelling expenses, rental expenses and professional fee as compared to the figures recorded for the year ended 31 March 2020.

Finance costs for the year ended 31 March 2021 were approximately HK\$476,000 (2020: approximately HK\$556,000), which represented mainly the interest charged on bank loans of approximately HK\$425,000 (2020: approximately HK\$505,000).

Hong Kong taxation expenses for the year ended 31 March 2021 were approximately HK\$11,000 (2020: approximately HK\$268,000). The deferred tax charges of approximately HK\$229,000 (2020: deferred tax credit of approximately HK\$124,000) was mainly attributable to the investment properties in PRC and properties, plant and equipment in Hong Kong during the year.

Loss after tax for the year ended 31 March 2021 was approximately HK\$12,571,000 (2020: approximately HK\$19,288,000). The decrease in loss for the year ended 31 March 2021 was mainly attributable to reason as analysed above.

Profit attributable to non-controlling interests of approximately HK\$259,000 in 2021 (2020: HK\$1,005,000) represented its share of profit or loss in the group of Xian Dai TV which principally engages in media and financial PR business.

The consolidated loss attributable to owners of the Company for the year ended 31 March 2021 was approximately HK\$12,830,000 (2020: approximately HK\$20,293,000).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 31 March		
	2021	2020	change
	HK\$'000	HK\$'000	
Net current assets	1,568	1,515	0.3%
Total assets	119,303	112,143	6.4%
Total liabilities	75,940	56,032	35.5%
Total equity	43,363	56,111	(22.7%)
Cash and cash equivalents	18,059	8,296	117.7%
Bank Borrowings			
— Denominated in HK\$	11,718	12,603	(7.0%)
— Denominated in RMB	11,822	—	N/A
	<u>23,540</u>	<u>12,603</u>	<u>86.8%</u>
— Repayable within 1 year	13,591	1,769	668.3%
— Repayable between 1 and 2 years	1,449	1,834	(21.0%)
— Repayable between 2 and 5 years	3,000	3,000	—
— Repayable over 5 years	5,500	6,000	(8.3%)
	<u>23,540</u>	<u>12,603</u>	<u>86.8%</u>
Loan from a shareholder	33,490	22,926	46.1%
Debts to equity ratio (<i>Note 1</i>)	1.8x	1.0x	80%
Gearing ratio (<i>Note 2</i>)	<u>0.9x</u>	<u>0.5x</u>	<u>80%</u>

Notes:

1. Debts to equity ratio is calculated based on total liabilities divided by total equity.
2. Gearing ratio is calculated based on net debt (bank borrowings plus loan from a shareholder less cash and cash equivalents) divided by total equity.

The capital of the Company comprises of only ordinary shares. Apart from the changes in bank borrowings and loan from a shareholder, there is no material change in the capital structure during the year.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the year ended 31 March 2021 and 2020, the Group did not have significant investments or material acquisitions or disposals.

CHARGES OF ASSETS

As at 31 March 2021, the Group's property, plant and equipment and investment properties with an aggregate carrying value of approximately HK\$83,340,000 (2020: property, plant and equipment of approximately HK\$51,120,000) was pledged as security for the borrowing facilities of the Group.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group holds investment properties which income are 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 86 (2020: 84) full-time employees (including directors) in Hong Kong and the PRC as at 31 March 2021.

During the year, the Group incurred total staff costs (including Directors' emoluments) of approximately HK\$22,163,000 (2020: approximately HK\$26,162,000).

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.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2021 (2020: Nil).

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 since 2020 severely affected the global economic activities and reduced marketing spend demand. The financial market is recovering but is expected to be relatively 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 Pro 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 (“IR business”). IR business is expected to become our profitable stream 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 Listed Companies Selection events that created a strong foundation for us to develop the event management business and to achieve lots of reputation and recognition in China including Hong Kong.

Meanwhile, Finet Securities Limited (“Finet Securities”), our securities arm, continues 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.

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 2021. 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 2021.

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 2021.

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 2021, 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.

AUDIT COMMITTEE

The annual results announcement of the Group for the year ended 31 March 2021 have been reviewed by the audit committee of the Company.

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

Hong Kong, 28 June 2021

As at the date of this announcement, the executive Directors are Ms. Lo Yuk Yee and Mr. Lin Dongming, and the independent non-executive Directors are Mr. Wong Wai Kin, Mr. Siu Siu Ling, Robert and Mr. Leung Chi Hung.

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