



# Interim Report 2021/2022



## MOVING FORWARD

- HONG KONG
- SHENZHEN
- BEIJING



財華社  
FINET

**Finet Group Limited**

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



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## CHARACTERISTICS OF THE 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 the emerging nature of 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 higher market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, 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 (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 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 in this report misleading.*



## RESULTS HIGHLIGHTS

- The Group reported a turnover of approximately HK\$8,380,000 for the six months ended 30 September 2021, representing a decrease of approximately 14.7% from approximately HK\$9,819,000 for the same period in 2020.
- The Group's unaudited consolidated loss attributable to owners of the Company for the six months ended 30 September 2021 was approximately HK\$11,968,000 (six months ended 30 September 2020: approximately HK\$4,074,000).
- The Board does not recommend the payment of dividend for the six months ended 30 September 2021.

The board of Directors (the “Board”) is pleased to present the unaudited results of the Group for the three months and six months ended 30 September 2021, together with the comparative unaudited figures for the corresponding period in 2020 as follows:

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and six months ended 30 September 2021

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
<b>Revenue</b>	3	<b>4,186</b>	4,240	<b>8,380</b>	9,819
Cost of sales		(196)	(308)	(360)	(486)
<b>Gross profit</b>		<b>3,990</b>	3,932	<b>8,020</b>	9,333
Other income and other losses	3	<b>1,042</b>	3,465	<b>1,845</b>	4,832
Selling and marketing expenses		(36)	(18)	(46)	(133)
General and administrative expenses		(10,313)	(8,732)	(19,673)	(17,379)
Finance costs	5	(232)	(70)	(454)	(181)
<b>Loss before income tax</b>	6	<b>(5,549)</b>	(1,423)	<b>(10,308)</b>	(3,528)
Income tax expense	7	(37)	(42)	(76)	(75)
<b>Loss for the period</b>		<b>(5,586)</b>	(1,465)	<b>(10,384)</b>	(3,603)
<b>Loss attributable to:</b>					
Owners of the Company		(6,226)	(1,293)	(11,968)	(4,074)
Non-controlling interests		640	(172)	1,584	471
		(5,586)	(1,465)	(10,384)	(3,603)
<b>Loss per share for loss attributable to owners of the Company during the period</b>	9				
— Basic and diluted (in HK cents)		(0.93)	(0.19)	(1.8)	(0.61)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2021

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
<b>Loss for the period</b>		<b>(5,586)</b>	(1,465)	<b>(10,384)</b>	(3,603)
<b>Other comprehensive expense</b>					
Currency translation differences		(569)	(1,176)	(615)	(851)
<b>Other comprehensive expense for the period</b>		<b>(569)</b>	(1,176)	<b>(615)</b>	(851)
<b>Total comprehensive expense for the period</b>		<b>(6,155)</b>	(2,641)	<b>(10,999)</b>	(4,454)
<b>Attributable to:</b>					
Owners of the Company		(6,795)	(2,469)	(12,583)	(4,925)
Non-controlling interests		640	(172)	1,584	471
		<b>(6,155)</b>	(2,641)	<b>(10,999)</b>	(4,454)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

	Notes	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17	1,698	51,843
Right-of-use assets		1,125	438
Investment properties		33,300	33,300
Intangible assets		950	950
Statutory deposits and other assets		205	205
		<b>37,278</b>	86,736
<b>Current assets</b>			
Trade receivables	10	5,674	4,411
Loan receivables	11	297	282
Prepayments, deposits and other receivables		3,148	4,356
Amounts due from related companies		7,345	5,296
Client trust bank balances		314	163
Cash and cash equivalents	12	8,333	18,059
		<b>25,111</b>	32,567
Assets classified as held for sale	17	49,954	—
		<b>75,065</b>	32,567
<b>Total assets</b>		<b>112,343</b>	119,303

	Notes	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
<b>Current liabilities</b>			
Accounts payable	13	1,918	3,213
Contract liabilities		430	—
Accruals and other payables		6,430	3,794
Amount due to a related company		—	42
Lease liabilities		701	410
Borrowings	14	12,024	23,540
		<b>21,503</b>	30,999
Liabilities directly associated with assets classified as held for sale	17	11,021	—
		<b>32,524</b>	30,999
<b>Net current assets</b>		<b>42,541</b>	1,568
<b>Total assets less current liabilities</b>		<b>79,819</b>	88,304
<b>Non-current liabilities</b>			
Loans from shareholder	17	35,373	33,490
Lease liabilities		433	38
Deferred tax liabilities		11,346	11,413
		<b>47,152</b>	44,941
<b>Net assets</b>		<b>32,667</b>	43,363
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	15	6,665	6,665
Reserves		31,695	43,975
		<b>38,360</b>	50,640
Non-controlling interests		(5,693)	(7,277)
<b>Total equity</b>		<b>32,667</b>	43,363

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Employee compensation 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>As at 1 April 2020</b>	6,665	320,095	4,870	360	3,757	3,014	9,989	(285,103)	63,647	(7,536)	56,111
Loss for the period	–	–	–	–	–	–	–	(4,074)	(4,074)	471	(3,603)
<b>Other comprehensive expense</b>											
Currency translation differences	–	–	–	–	–	(851)	–	–	(851)	–	(851)
<b>Total comprehensive (expense)/income</b>	–	–	–	–	–	(851)	–	(4,074)	(4,925)	471	(4,454)
<b>Employee compensation reserve</b>	–	–	–	181	–	–	–	–	181	–	181
<b>As at 30 September 2020</b>	6,665	320,095	4,870	541	3,757	2,163	9,989	(289,177)	58,903	(7,065)	51,838
<b>As at 1 April 2021</b>	6,665	320,095	4,870	674	3,757	2,523	9,989	(297,933)	50,640	(7,277)	43,363
Loss for the period	–	–	–	–	–	–	–	(11,968)	(11,968)	1,584	(10,384)
<b>Other comprehensive expense</b>											
Currency translation differences	–	–	–	–	–	(615)	–	–	(615)	–	(615)
<b>Total comprehensive (expense)/income</b>	–	–	–	–	–	(615)	–	(11,968)	(12,583)	1,584	(10,999)
<b>Employee compensation reserve</b>	–	–	–	303	–	–	–	–	303	–	303
<b>As at 30 September 2021</b>	6,665	320,095	4,870	977	3,757	1,908	9,989	(309,901)	38,360	(5,693)	32,667

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Notes	For the six months ended 30 September	
		2021 HK\$'000	2020 HK\$'000
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(6,439)</b>	2,753
<b>Net cash outflow from investing activities</b>		<b>(298)</b>	(115)
Drawdown of loans from shareholder		—	2,724
Repayment of loans from shareholder		<b>(753)</b>	(1,000)
Repayment of borrowings, interest and principal elements of lease payments		<b>(1,801)</b>	(924)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(2,524)</b>	800
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(9,261)</b>	3,438
<b>Cash and cash equivalents, at beginning of the period</b>		<b>18,059</b>	8,296
Effect of exchange rate changes, net		<b>(315)</b>	(770)
<b>Cash and cash equivalents, at end of the period</b>	12	<b>8,483</b>	10,964



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. General Information

The principal activity of Finet Group Limited (the “Company”) is investment holding. The Company and its subsidiaries (together 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) provision of brokerage, underwriting and asset management; (iii) money lending business; and (iv) property investments.

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 24 June 2002. 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 immediate and ultimate holding company is Maxx Capital International Limited incorporated in the British Virgin Islands (“BVI”) with limited liability and Pablos International Limited incorporated in the BVI with limited liability, respectively. The ultimate controlling party is Ms. LO Yuk Yee, who controls Pablos International Limited and is also the Chairman and executive Director of the Company.

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

The unaudited condensed 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 on 12 November 2021.

## 2. Basis of Preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the disclosure requirements of the GEM Listing Rules.

The principal accounting policies and methods of computation used in the preparation of these accounts are consistent with those adopted in the preparation of the annual report of the Company for the year ended 31 March 2021.

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and certain financial assets, which are carried at fair values.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual report, and should be read in conjunction with the Group’s annual report for the year ended 31 March 2021.

In the current reporting period, the Group has applied, for the first time, certain new standards, amendments to standards and interpretations issued by the HKICPA that are mandatorily effective for its accounting period beginning on 1 April 2021. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group’s accounting policies and amounts reported for the current year and prior year.

The Group has not yet applied new standards and amendments to existing standards that have been issued but not yet effective, and will apply such standards when they become effective. The Group anticipates that the application of the such new standards and amendments to existing standards have no material impact on the results and the financial position of the Group.

### 3. Revenue and Other Income and Other Losses

Revenue, which is also the Group's turnover, represents total invoiced value of goods supplied and services rendered. Revenue and other income and other losses recognised during the period are as follows:

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
<b>Revenue</b>				
Service income from provision of financial information services	54	73	190	171
Advertising and investor relationship service income	3,727	3,662	7,301	8,366
Brokerage commission and service income from securities business	14	137	106	586
Loan interest income	7	—	15	—
Rental income from investment properties	384	368	768	696
	<b>4,186</b>	4,240	<b>8,380</b>	9,819
<b>Other income and other losses</b>				
Fair value change on financial assets at fair value through profit or loss	—	789	—	1,026
Income from sharing of administrative expenses	1,029	1,941	1,816	2,661
Government subsidies	—	726	—	1,134
Interest income	7	—	12	2
Sundry income	6	9	17	9
	<b>1,042</b>	3,465	<b>1,845</b>	4,832

#### 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 main business segments: (i) Financial information, advertising and investor relationship services business; (ii) Securities business; (iii) Money lending business; and (iv) Property investment.

At 30 September 2021, the Group is organized into four main operating segments:

- (i) Financial information, advertising and investor relationship service business — the development, production and provision of financial information service and technology solutions to corporate and retail clients in Hong Kong and the PRC, this segment also includes 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.

Segment results for the six months ended 30 September 2021 about these businesses are as follows:

	Unaudited				
	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
<b>Revenue</b>	7,491	106	15	768	8,380
Segment results	(8,812)	(1,127)	11	74	(9,854)
Finance costs					(454)
<b>Loss before income tax</b>					(10,308)
Income tax expense					(76)
<b>Loss for the period</b>					(10,384)

Segment results for the six months ended 30 September 2020 about these businesses are as follows:

	Unaudited				Group HK\$'000
	Financial information, advertising and investor relationship service business HK\$'000	Securities business HK\$'000	Money lending business HK\$'000	Property investment business HK\$'000	
<b>Revenue</b>	8,537	586	—	696	9,819
Segment results	(2,697)	402	(1)	(1,051)	(3,347)
Finance costs					(181)
<b>Loss before income tax</b>					(3,528)
Income tax expense					(75)
<b>Loss for the period</b>					<u>(3,603)</u>



	<b>For the six months ended 30 September</b>	
	<b>2021 HK\$'000</b>	<b>2020 HK\$'000</b>
Revenue from contracts with customers		
— Service income from provision of financial information services	<b>190</b>	171
— Advertising and investor relationship service income	<b>7,301</b>	8,366
— Brokerage commission and services income from securities business	<b>106</b>	586
	<b>7,597</b>	9,123
Represented by:		
Timing of revenue recognition		
— At a point in time	<b>7,301</b>	8,366
— Over time	<b>296</b>	757
	<b>7,597</b>	9,123
Revenue from other sources		
— Loan interest income	<b>15</b>	—
— Rental income from investment properties	<b>768</b>	696
	<b>783</b>	696
	<b>8,380</b>	9,819

The segment assets and liabilities at 30 September 2021 are as follows:

	Unaudited				
	Financial information, advertising and investor relationship service business	Securities business	Money lending business	Property investment business	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets	70,729	7,461	348	33,805	112,343
Liabilities	49,447	395	—	29,834	79,676

The segment assets and liabilities at 31 March 2021 are as follows:

	Audited				
	Financial information, advertising and investor relationship service business	Securities business	Money lending business	Property investment business	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets	75,607	9,297	337	34,062	119,303
Liabilities	45,135	1,778	—	29,027	75,940

## 5. Finance Costs

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Interest expenses on				
— bank borrowings	217	64	436	160
— lease liabilities	15	6	18	21
	<b>232</b>	70	<b>454</b>	181

## 6. Loss Before Income Tax

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Loss before income tax is arrived at after charging:				
Expenses related to short-term leases/operating lease charges				
— in respect of rental premises	1,293	851	2,588	1,986
Depreciation of property, plant and equipment	199	140	624	895
Depreciation of right-of-use assets	140	326	377	589
Employee benefits expense (including directors' emoluments)	6,302	5,412	12,281	10,592

## 7. Income Tax Expense

No Hong Kong profits tax has been provided for the six months ended 30 September 2021 (2020: Nil) as the Group had no assessable profit arising in or derived from Hong Kong for the period.

Under the law of the PRC on Enterprise Income Tax (the “EIT Law”) and Regulations on the Implementation of the EIT Law, the PRC subsidiaries are subject to Enterprise Income Tax of tax rate of 25%. No Enterprise Income Tax for the PRC subsidiary has been provided during the six months ended 30 September 2021 (2020: Nil).

The PRC income tax of approximately HK\$76,000 during the six months ended 30 September 2021 (2020: HK\$70,000) was mainly attributable to the net rental income from the investment properties of the Company in the PRC.

## 8. Dividend

The Board does not recommend the payment of dividend for the six months ended 30 September 2021 (2020: Nil).

## 9. Loss Per Share

### a) Basic

The calculation of basic loss per share is based on the loss attributable to owners of the Company for the three months and six months ended 30 September 2021 of approximately HK\$6,226,000 and HK\$11,968,000 respectively (three months and six months ended 30 September 2020: loss of approximately HK\$1,293,000 and HK\$4,074,000 respectively) and on the weighted average number of 666,538,774 shares in issue during the three months and six months ended 30 September 2021 (three months and six months ended 30 September 2020: weighted average number of 666,538,774 shares in issue).

### b) Diluted

The computation of diluted loss per share for the three months and six months ended 30 September 2021 and 2020 did not assume the exercise of the Company’s outstanding share options during those periods since they are anti-dilutive, as their exercise would result in a decrease in loss per share.

## 10. Trade Receivables

		<b>Unaudited 30 September 2021 HK\$'000</b>	Audited 31 March 2021 HK\$'000
Trade receivables	(i)	<b>5,674</b>	4,411

- (i) The credit terms granted by the Group to its customers range from 10 days to 90 days. An aging analysis of trade receivables by invoice day as at the end of the reporting period is as follows:

	<b>Unaudited 30 September 2021 HK\$'000</b>	Audited 31 March 2021 HK\$'000
0-30 days	169	3,719
31-60 days	1,776	480
61-90 days	149	206
Over 90 days	3,580	6
	<b>5,674</b>	4,411

## 11. Loan receivables

	<b>Unaudited 30 September 2021 HK\$'000</b>	Audited 31 March 2021 HK\$'000
Loan receivables	318	303
Less: Provision for impairment loss of loan receivables	(21)	(21)
	<b>297</b>	282

The loan terms granted by the Group to its customer are 365 days from the loan drawn date. Loan receivables as at 30 September 2021 are unsecured and interest-bearing at rates 10% per annum, including the interest receivables of approximately HK\$15,000 receivable at the date of repayment. As of 30 September 2021, none of the loan receivables was past due but not impaired.

As at 30 September 2021, the recoverability of the Group's loan receivables due from individual customers are assessed based on their credit history, their financial conditions and current market conditions.

## 12. Cash and cash equivalents

For the purpose of the statement of cash flow, cash and cash equivalents comprise the following at 30 September 2021:

	<b>Unaudited 30 September 2021 HK\$'000</b>	Audited 31 March 2021 HK\$'000
Cash at banks and on hand	8,333	18,059
Cash at banks attributable to assets held-for-sale	150	—
Cash and cash equivalents	<b>8,483</b>	18,059

## 13. Accounts Payable

	<b>Unaudited 30 September 2021 HK\$'000</b>	Audited 31 March 2021 HK\$'000
Accounts payable arising from securities broking		
— Clients	314	1,609
Other accounts payable	1,604	1,604
	<b>1,918</b>	3,213

An aging analysis of accounts payable to suppliers of financial information services business as at the end of the reporting period is as follows:

	<b>Unaudited 30 September 2021 HK\$'000</b>	Audited 31 March 2021 HK\$'000
Over 90 days	1,604	1,604

## 14. Borrowings

	<b>Unaudited 30 September 2021 HK\$'000</b>	Audited 31 March 2021 HK\$'000
Secured bank loans	<b>12,024</b>	23,540

As at 30 September 2021, the Group has classified approximately HK\$10,833,000 borrowings in liabilities directly associated with assets classified as held for sale, further details of which are set out under note 17.

The borrowings were pledged by certain investment properties and land and buildings of the Group and a personal guarantee was given by the chairman of the Company for the Group's certain borrowings as at 30 September 2021 and 31 March 2021 respectively.

The outstanding borrowing of approximately HK\$12,024,000 as at 30 September 2021 bore interest at a fixed rate of 5.4% per annum are denominated in Renminbi.

## 15. Share Capital

	<b>Number of ordinary shares of HK\$0.01 each</b>	<b>Nominal value ordinary shares HK\$'000</b>
<b>Authorised:</b>		
At 31 March 2021 and 30 September 2021	15,000,000,000	150,000
<b>Issued and fully paid:</b>		
At 31 March 2021 and 30 September 2021	666,538,774	6,665

## 16. Related Party Transactions

In addition to the transactions and balances disclosed elsewhere in the unaudited condensed consolidated financial statements, the Group had the following related party transactions during the period:

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Income from financial information services received from Top 100 Hong Kong Listed Company Research Centre Company Limited <i>(note i)</i>	625	—	1,250	—
Incomes from sharing of administrative expenses received from International Links Limited <i>(note i)</i>	180	558	360	858
Incomes from sharing of administrative expenses received from Maxx Capital Finance Limited <i>(note i)</i>	371	505	777	925
Incomes from sharing of administrative expenses received from Top 100 Hong Kong Listed Companies Research Centre Company Limited <i>(note i)</i>	—	878	300	878
Income from sharing of administrative expenses received from China Hong Kong Finance Group Limited <i>(note i)</i>	178	—	379	—
Rental expenses paid to Cyber Feel Limited <i>(note i)</i>	1,014	1,014	2,028	2,028

*Note:*

- (i) International Links Limited, Maxx Capital Finance Limited, Top 100 Hong Kong Listed Companies Research Centre Company Limited, China Hong Kong Finance Group Limited and Cyber Feel Limited are beneficially owned by Ms. LO Yuk Yee, the chairman and the executive Director of the Company.



## 17. Event After the Reporting Period

During the year ended 31 March 2021 and up to 12 October 2021, the Group owned the entire equity interest in Maxon Management Limited (“Maxon”) through its wholly-owned subsidiary, Source Mega Properties Limited (“Source Mega”). Maxon was principally engaged in investment holding with the principal asset being the property at Unit C, 11/F, Bank of East Asia Harbour View Center, Hong Kong.

On 13 August 2021, Source Mega entered into a provisional sale and purchase agreement with Ms. Lo Yuk Yee (“Ms. Lo”), pursuant to which Source Mega agreed to sell and Ms. Lo agreed to acquire the entire equity interest in Maxon. On 12 October 2021, Source Mega and Ms. Lo entered into the final sale and purchase agreement with the consideration of HK\$47.2 million and the transaction was completed on the same day. Upon the completion, Maxon ceased to be a subsidiary of the Group. The excess of the consideration over the net asset value of Maxon is HK\$8.3 million. Part of the consideration was settled by way of offsetting the loan from shareholder, which amounted to HK\$35.4 million.

Asset and liabilities of Maxon comprises of mainly properties, plant and equipment of HK\$49.8 million and bank borrowings of HK\$10.8 million. Such balances were classified as assets classified as held-for-sale and liabilities associated with assets classified as held-for-sale respectively at 30 September 2021, and were included in the segment “Financial information, advertising and investor relationship service business”.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

We are an integrated platform hosting news media, public relationship and social networking services for listed companies and investors. We have 5 operation units, Finet.hk, FinTV.hk, Finet.com.cn, FinTV APP and Finet Finance Pro APP which are formed by 3 websites and 2 mobile applications. Our primary focus of our operations is in Financial PR 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. We operate the following business segments:

### **Financial Information, Advertising and Investor Relationship Service Business**

The income from the advertising and investor relationship service business recorded substantial growth over past few years. The decrease in current period is due to the impact of COVID-19 which has temporarily deferred the event hosting activities and decreased the relevant revenue which originally often recorded in first half of financial year.

Service income from provision of financial information service remained at a relatively low level during this financial period as this revenue stream has scaled down in recently years.

### **Property Investment Business**

The investment properties in the PRC continued to provide stable income to the Group.

### **Securities Business**

Due to the keen competition within the market, the Group's securities business is still a challenging task in this period. Revenue during the period is mainly arising from services rendered for securities transaction.

### **Money Lending Business**

Loan interest income from the money lending business generated during the six months ended 30 September 2021 amount to HK\$15,000 (2020: Nil).



## Financial Review

The Group reported a turnover of approximately HK\$8,380,000 for the six months ended 30 September 2021, representing a decrease of approximately 14.7% from approximately HK\$9,819,000 for the same period in 2020.

During the six months ended 30 September 2021, the Group recorded cost of sales amounting to approximately HK\$360,000, representing a decrease of 25.9% from approximately HK\$486,000 for the same period in 2020.

Other income and other losses of the Group for the six months ended 30 September 2021 was a gain of approximately HK\$1,845,000 (six months ended 30 September 2020: HK\$4,832,000). The decrease was mainly attributable to (i) the decrease of fair value gain/loss on financial assets at fair value through profit or loss of HK\$1,026,000, (ii) decrease in government subsidies of approximately HK\$1,134,000, mainly from the Employment Support Scheme in Hong Kong, and (iii) decrease in income from sharing of administrative expenses of HK\$845,000.

General and administrative expenses of the Group for the six months ended 30 September 2021 was approximately HK\$19,673,000 (six months ended 30 September 2020: HK\$17,379,000), which represented an increase of approximately 13.2% when compared to the same period of 2020. The increase was mainly due to the increase in staff costs and professional fee.

Finance costs for the six months ended 30 September 2021 was approximately HK\$454,000 (six months ended 30 September 2020: HK\$181,000), which represented interest expenses on bank borrowings and lease liabilities. Finance costs for the six months ended 30 September 2021 included approximately HK\$436,000 of interest expenses on bank borrowings and approximately HK\$18,000 of interest expenses on lease liabilities.

The Group's unaudited consolidated loss attributable to the owners of the Company for the six months ended 30 September 2021 was approximately HK\$11,968,000 (six months ended 30 September 2020: loss of HK\$4,074,000).

## Liquidity and Financial Resources

At 30 September 2021, the net current assets of the Group was approximately HK\$42,541,000 (At 31 March 2021: HK\$1,568,000); the total equity of the Group was approximately HK\$32,667,000 (At 31 March 2021: HK\$43,363,000); the cash and cash equivalents of the Group was approximately HK\$8,333,000 (exclusive of assets held-for-sale) (At 31 March 2021: HK\$18,059,000); and no unutilised banking facilities of the Group (At 31 March 2021: Nil).

## **Borrowings**

At 30 September 2021, the Group had total outstanding bank borrowings of approximately of HK\$12,024,000 (exclusive of liabilities directly associated with assets held-for-sale) (At 31 March 2021: HK\$23,540,000).

## **Charges of Assets**

At 30 September 2021, certain property, plant and equipment of the Group with aggregate carrying value of approximately HK\$33,300,000 (At 31 March 2021: HK\$83,340,000) were pledged as securities for the borrowing facilities of the Group.

## **Gearing Ratio**

The Group's gearing ratio, representing net debt (bank borrowings, loans from shareholder and lease liabilities less cash and cash equivalents and financial asset at fair value through profit or loss) divided by total equity, was approximately 119.6% as at 30 September 2021 (At 31 March 2021: 92.2%).

## **Prospect**

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, Finet.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.

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 including Hong Kong. Due to COVID-19, some of the event hosting activities have been temporarily deferred but expect to catch up and resume in the near future.



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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.

The board of Directors (the “Board”) acknowledges that the performances of the equity investments may mainly be affected by worldwide economy and the degree of volatility in the PRC and Hong Kong stock markets, and susceptible to other external factors that may affect its value. In order to mitigate possible financial risk related to the equity investments, the management will closely monitor the performances of the equity investments and the changes of market condition.

### **Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Associated Companies**

As at 30 September 2021, there was no significant investments held which exceed 5% of the total assets of the Group.

The Group did not have any material acquisitions and disposals of subsidiaries and associated companies during the reporting period.

### **Exposure to Fluctuation in Exchange Rates**

The Group holds investment properties in Renminbi. The Group is therefore exposed to currency risks, as the rental income will fluctuate due to change in exchange rates. The risk of currency exposure is considered to be insignificant by the Directors and specific hedges may be taken out if necessary in the future.

### **Contingent Liabilities**

At 30 September 2021, the Group had no significant contingent liabilities (At 31 March 2021: Nil).

### **Employee Information**

At 30 September 2021, the Group had 88 (At 31 March 2021: 86) full-time employees (including directors) in Hong Kong and the PRC.

The total staff costs (including Directors’ remuneration) for the six months ended 30 September 2021 was approximately HK\$12,281,000 (2020: HK\$10,592,000). Other benefits provided by the Group to the employees include contribution to the mandatory provident fund under the Mandatory Provident Fund Schemes Ordinance and medical coverage.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 September 2021, 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 Securities and Futures Ordinance (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		% of shares in issue (Note 2)
		Beneficial owner	Interest of controlled corporation	
<b>Executive Director:</b> Ms. LO Yuk Yee ("Ms. LO")	The Company	43,458,058 (L)	391,597,678 (L)	65.27%
Ms. LO	Maxx Capital International Limited ("Maxx Capital") (Note 1)	—	2 ordinary shares	100%
Ms. LO	Pablos International Limited ("Pablos") (Note 1)	1,000 ordinary shares	—	100%

(L) denotes long positions

#### Notes:

- 343,997,678 ordinary shares were held by Maxx Capital which was wholly-owned by Pablos, and Pablos was wholly owned by Ms. LO. 33,000,000 and 14,600,000 shares were held by Wise Capital International Limited and Shine Kingdom Inc Limited respectively. Accordingly, Ms. LO were deemed by virtue of the SFO to be interested in 435,055,736 ordinary shares.
- As at 30 September 2021, the Company had 666,538,774 ordinary shares in issue.

Save as disclosed above, as at 30 September 2021, 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.

## SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITION IN THE SHARES OF THE COMPANY

As at 30 September 2021, so far as the Directors are aware, persons other than Directors or chief executives of the Company who 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, were as follows:

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

Name of Shareholders	Capacity	Number of Shares held	Approximate percentage of existing shareholding (Note 2)
<b>Substantial shareholders</b>			
Pablos (Note 1)	Interest of Controlled Corporation	343,997,678 (L)	51.61%
Maxx Capital (Note 1)	Beneficial Owner	343,997,678 (L)	51.61%
Broadgain International Limited	Beneficial Owner	47,052,000 (L)	7.06%
WANG Yuan	Beneficial Owner	39,000,000 (L)	5.85%

(L) denotes long positions

Notes:

- 343,997,678 ordinary shares 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 30 September 2021, the Company had 666,538,774 ordinary Shares 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 30 September 2021, 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.

## MOVEMENT OF OPTIONS

Details of movements of the share options granted under the share option scheme adopted on 4 September 2014 for the six months ended 30 September 2021 are as follows:

Name of grantee	Date of grant <i>(Note 1)</i>	Exercise price	Number of share options			Balance as at 30 September 2021
			Balance as at 1 April 2021	Granted during the period	Forfeited during the period	
Employee	1 December 2020	HK\$0.64	20,200,000	—	(500,000)	19,700,000

*Note:*

- For share options granted on 1 December 2020

Validity period: From 1 December 2020 ("Date of grant") to 3 September 2024 (both days inclusive)

Vesting period: 2 years after 1 December 2020 100%

## COMPETING INTERESTS

None of the Directors, the management shareholders 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 six months ended 30 September 2021.



## **AUDIT COMMITTEE**

The Company established an audit committee with written terms of reference in accordance with Rule 5.28 of the GEM Listing Rules. The audit committee of the Company comprises 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 of the Company are to review and supervise the financial reporting process and internal control procedures of the Group.

The unaudited condensed consolidated financial statements results of the Group for the six months ended 30 September 2021 have been reviewed by the audit committee of the Company.

## **DIRECTORS' INTEREST IN CONTRACTS**

Except for the transactions stated in Note 16 to the unaudited condensed consolidated financial statements, no contracts 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 interest, whether directly or indirectly, subsisted during or at the end of the six months ended 30 September 2021 or at any time during such period (2020: Nil).

## **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by 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 six months ended 30 September 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 six months ended 30 September 2021.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY LISTED SHARES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 September 2021.

## CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (“CG Code”) contained in Appendix 15 to the GEM Listing Rules during the six months ended 30 September 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 is the chairman of our Board and she has been managing the Group’s business and supervising the overall operations of the Group since 2011. The Directors consider that vesting the roles of the chairman of the Board and the chief executive officer of the Company in Ms. Lo is beneficial to the management and business development of the Group and will provide a strong and consistent leadership to the Group. The Board will continue to review and consider separating the roles of the chairman of the Board and the chief executive officer at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

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.

By Order of the Board

**LO Yuk Yee**

*Chairman and executive Director*

Hong Kong, 12 November 2021

*As at the date of this report, the executive Directors are Ms. LO Yuk Yee and Ms. CHEN Weijie; the non-executive Director is Mr. LIN Dongming and the independent non-executive Directors are Mr. WONG Wai Kin, Mr. SIU Siu Ling, Robert and Mr. LEUNG Chi Hung.*