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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 with limited liability)
(Stock Code: 08317)

**(1) MANDATORY UNCONDITIONAL CASH OFFERS BY
PACIFIC FOUNDATION SECURITIES LIMITED
ON BEHALF OF
MAXX CAPITAL INTERNATIONAL LIMITED
FOR**

**(I) ALL THE ISSUED SHARES OF HK\$0.05 EACH IN FINET GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED
BY**

**MAXX CAPITAL INTERNATIONAL LIMITED
AND PARTIES ACTING IN CONCERT WITH IT);**

**(II) ALL OUTSTANDING OPTIONS OF FINET GROUP LIMITED;
AND**

(III) ALL OUTSTANDING WARRANTS OF FINET GROUP LIMITED

MANDATORY UNCONDITIONAL CASH OFFERS

The Board announces that on 9 July 2010, it was notified by the Offeror that the Offeror had acquired the Sale Shares, representing approximately 52.65% of the entire issued share capital of the Company.

The Board notes that, as disclosed in the announcement by the Offeror dated 4 August 2010, the Sale Shares were pledged by Opulent in favour of MCFL and WCIL which sold the Sale Shares to the Offeror pursuant to the exercise of powers of sale as a result of the default in the repayment of a loan due to MCFL by Opulent. Opulent was the then controlling shareholder of the Company immediately before the exercise of powers of sale by MCFL and WCIL.

As a result of the Acquisition, the Offeror is required to make a mandatory unconditional cash offer for all the Offer Shares pursuant to Rule 26 of the Takeovers Code and to make comparable offers for all the Options and all the Warrants respectively.

Shareholders, Warrantholders and/or Optionholders should refer to the Offeror Announcement for further details relating to the Offers.

The Independent Board Committee, comprising all the independent non-executive Directors, has been constituted to advise the Independent Shareholders in relation to the Offers. Bridge Partners has been appointed as the independent financial adviser to advise the Independent Board Committee in relation to the Offers, whose appointment has been approved by the Independent Board Committee.

GENERAL

The Company will as soon as practicable publish an announcement in response to the other matters raised in the announcement by the Offeror dated 4 August 2010.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 12 July 2010.

Shareholders and potential investors of the Company is advised to exercise caution when dealing in the Shares.

MANDATORY UNCONDITIONAL CASH OFFERS

Background

The Board announces that on 9 July 2010, it was notified by the Offeror that it had acquired the Sale Shares, representing approximately 52.65% of the entire issued share capital of the Company.

The Board notes that, as disclosed in the announcement by the Offeror dated 4 August 2010, the Sale Shares were pledged by Opulent in favour of MCFL and WCIL which sold the Sale Shares to the Offeror pursuant to the exercise of powers of sale as a result of the default in the repayment of a loan due to MCFL by Opulent. Opulent was the then controlling shareholder of the Company immediately before the exercise of powers of sale by MCFL and WCIL.

As a result of the Acquisition, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26 of the Takeovers Code. Pursuant to Rule 13 of the Takeovers Code, the Offeror is also required to make comparable offers for all the Options and all the Warrants respectively.

Shareholders, Optionholders and/or Warrantholders should refer to the Offeror Announcement for further details relating to the Offers.

As at the date of this announcement, the Company has 367,813,053 Shares in issue, Options entitling the holders thereof to subscribe for an aggregate of 4,403,933 Shares and Warrants entitling the holders thereof to subscribe for an aggregate of 9,981,898 Shares.

Pursuant to the Takeovers Code, the Company is required to form an independent board committee to consider the Offers and advise the Independent Shareholders in relation to the Offers, and to appoint an independent financial adviser to advise the Independent Board Committee regarding the Offers. The Independent Board Committee, comprising Mr. Lam Ka Wai, Graham, Mr. Wu Tak Lung and Dr. Lam Lee G., all independent non-executive Directors, has been constituted to advise the Independent Shareholders in relation to the Offers. Bridge Partners has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in relation to the Offers, whose appointment has been approved by the Independent Board Committee.

Disclosure of dealings

In accordance with Rule 3.8 of the Takeovers Code, any associates of the Offeree are hereby reminded to disclose their dealings in any securities of the Company pursuant to the Takeovers Code.

Pursuant to Note 11 to Rule 22 of the Takeovers Code, stockbrokers, banks and others who deal in the securities of the Company on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates (including any person who owns or controls 5% or more of any class of relevant securities issued by the Company) and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw their attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any securities of the Company undertaken for a client during any 7 days period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealing enquiries. Therefore, those who deal in the securities of the Company should note that stockbrokers and other intermediaries may supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

Circular

Pursuant to Rule 8.4 of the Takeovers Code, the Company should send to the Independent Shareholders, the Optionholders and the Warrantholders an offeree board circular setting out the terms of the Offers and containing the advice from the Independent Board Committee and the advice of the Independent Financial Adviser to the Independent Board Committee in respect of the Offers within 14 days after the posting of the offer document by the Offeror, or such later date as may be agreed by the Executive. Pursuant to Rule 8.4 of the Takeovers Code, the Executive will only give consent to extend the posting period if the Offeror agrees to an extension of the first closing date of the Offers by the number of days in respect of which the delay in the posting of the offeree board circular is agreed.

GENERAL

The Company will as soon as practicable publish an announcement in response to the other matters raised in the announcement by the Offeror dated 4 August 2010.

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Shareholders and potential investors of the Company is advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the meanings set out below.

“Acquisition”	the acquisition of the Sale Shares by the Offeror
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associates”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Company” or “Offeree”	Finet Group Limited 財華社集團有限公司 (stock code: 8317), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	the directors of the Company

“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	a committee of the Board comprising all the independent non-executive Directors of the Company to advise the Independent Shareholders in relation to the Offers
“Independent Financial Adviser” or “Bridge Partners”	Bridge Partners Capital Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and appointed by the Company to advise the Independent Board Committee in respect of the Offers
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“MCFL”	MAXX Capital Finance Limited, which, as disclosed in the Offeror Announcement, is a company incorporated in Hong Kong with limited liability
“Offer Shares”	issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it
“Offeror”	MAXX Capital International Limited, which, as disclosed in the Offeror Announcement, is a limited liability company incorporated in the British Virgin Island
“Offeror Announcement”	an announcement made by the Offeror dated 4 August 2010 in relation to the Offers

“Offers”	the Share Offer, the Option Offer and the Warrant Offer
“Option Offer”	the mandatory unconditional cash offer to be made by Pacific Foundation, on behalf of the Offeror, for all outstanding Options in accordance with the Takeovers Code
“Optionholders”	holders of the Pre-IPO Options and the Post-IPO Options
“Options”	the Pre-IPO Options and the Post-IPO Options
“Opulent”	Opulent Oriental International Limited, the then controlling shareholder of the Company prior to the enforcement of the Share Mortgage
“Pacific Foundation”	Pacific Foundation Securities Limited, which, as disclosed in the Offeror Announcement, is a licensed corporation to carry on Type 1 (dealing in securities) and Type 9 (asset management) regulated activities under the SFO
“Pre-IPO Options”	options granted under the share option scheme adopted by the Company on 23 July 2004 and terminated on 6 January 2005, of which Pre-IPO Options to subscribe for an aggregate of 3,157,723 Shares at an adjusted exercise price of HK\$0.608 per Share remain outstanding
“Post-IPO Options”	options granted under the share option scheme adopted by the Company on 16 December 2004, of which Post-IPO Options to subscribe for an aggregate of 1,246,210 Shares at adjusted exercise prices of HK\$1.1345 per Share or HK\$1.479 per Share (as the case may be) remain outstanding
“relevant securities”	has the meaning ascribed to it in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code
“Sale Shares”	193,654,616 Shares acquired by the Offeror, representing approximately 52.65% of the entire issued share capital of the Company
“SFC”	the Securities and Futures Commission of Hong Kong

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of nominal value of HK\$0.05 each in the share capital of the Company
“Share Mortgage”	as disclosed in the Offeror Announcement, the share mortgage entered into between Opulent and MCFL in relation to the mortgage of Shares by Opulent in favour of MCFL as security for the repayment of a loan
“Share Offer”	the mandatory unconditional cash offer to be made by Pacific Foundation, on behalf of the Offeror, to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in accordance with the Takeovers Code
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Warrant Offer”	the mandatory unconditional cash offer to be made by Pacific Foundation, on behalf of the Offeror, for all outstanding Warrants in accordance with the Takeovers Code
“Warrantholders”	holders of the Warrants
“Warrants”	the warrants issued by the Company on 3 August 2009 by way of capitalisation issue entitling the holders thereof to subscribe, at any time between the date of issue and the date immediately preceding the date falling on the second anniversary of the date of issue (both dates inclusive), for new Shares at an adjusted subscription price of HK\$0.45 per Share

“WCIL” Wise Capital International Limited, which, as disclosed in the Offeror Announcement, is a company incorporated in the British Virgin Islands with limited liability

“%” per cent.

By Order of the Board
Finet Group Limited
Yu Gang, George
Chairman

Hong Kong, 24 August 2010

As at the date of this announcement, the executive Directors are Dr. Yu Gang, George and Mr. Lin Peng, Ben and the independent non-executive Directors are Dr. Lam Lee G., Mr. Wu Tak Lung and Mr. Lam Ka Wai, Graham.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 document misleading.

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