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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: 8317)**

## **CONNECTED TRANSACTION**

### **THE AGREEMENT**

The Board announces that on 21 March 2011, the Purchaser, the Vendor and the Guarantor entered into the Agreement pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company, at an aggregate consideration of HK\$3,100,000. The Consideration shall be satisfied by the Purchaser in cash on Completion. On Completion, amongst other things, the Guarantor shall repay to the Group and the Purchaser an amount of HK\$3,100,000 being part settlement of a debt owed by the Guarantor to the Group and the Purchaser in an aggregate amount of approximately HK\$4,700,000.

### **LISTING RULES IMPLICATION**

The consideration payable by the Purchaser is HK\$3,100,000. The Vendor is a connected person of the Company and the Acquisition constitutes a connected transaction for the Company under the GEM Listing Rules. Since the applicable percentage ratios as defined in the GEM Listing Rules in respect of the Acquisition is less than 5%, the Acquisition is only subject to the reporting and announcement requirements as set out in Rule 20.32 of the GEM Listing Rules and is exempt from the independent shareholders' approval requirements.

### **THE AGREEMENT**

**Date:**

21 March 2011

**Parties:**

- (1) Finet Asset Management Limited, a wholly-owned subsidiary of the Company as Purchaser;
- (2) Opulent Oriental International Limited, a company incorporated in the British Virgin Islands with limited liability, as Vendor;
- (3) Dr. Yu Gang, George, as Guarantor.

Under the Agreement, Dr. Yu Gang, George has agreed to guarantee to the Purchaser the due performance of the Vendor under the Agreement in all material respects and to give the warranties jointly and severally with the Vendor set out in the Agreement in respect of the Target Company.

As the Vendor is wholly owned by Dr. Yu Gang, George, a former director of the Company within the last 12 months, the transaction contemplated under the Agreement is a connected transaction for the Company under the GEM Listing Rules.

To the best of the information, knowledge and belief of the Directors having made all reasonable enquiries, the Vendor is principally engaged in the business of investment holding.

**Assets to be acquired**

Sale Shares, representing the entire issued share capital of the Target Company.

**Consideration and payment terms**

The Consideration of HK\$3,100,000 was arrived at after arms' length negotiations among the parties to the Agreement.

In view of the above, the Directors (including all the independent non-executive Directors) consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**Completion**

Completion of the Agreement will take place on the second Business Day after the fulfilment of the last of the conditions precedent or at such other time as the parties may agree. On Completion, amongst other things, the Guarantor shall repay to the Group and the Purchaser an amount of HK\$3,100,000 being part settlement of a debt owed by the Guarantor to the Group and the Purchaser in an aggregate amount of approximately HK\$4,700,000.

**Conditions precedent**

Completion is subject to each of the following conditions being satisfied in all respects:

- (i) the written appointment and acceptance of the Guarantor, on terms acceptable to the Purchaser, as a responsible officer of the Target Company at a monthly fee of HK\$35,000 payable monthly in arrears, starting from the date of Completion;
- (ii) the warranties in the Agreement remaining true and accurate in all material respects;

- (iii) the approval/consent of the Securities and Futures Commission having been obtained in relation to the change in the ultimate beneficial owner of the Type 4 and Type 9 licences held by the Target Company;
- (iv) the completion of the removal of the Guarantor as the legal representative of the Company's wholly-owned subsidiary, Finet Group Technology (Shenzhen) Limited;
- (v) all consents (if necessary) and all filings with any relevant governmental or regulatory authorities and other relevant third parties in Hong Kong, Cayman Islands (if necessary) or elsewhere which are required or appropriate for the entering into and the implementation of this Agreement having been given or made; all waiting periods required under the laws of Hong Kong, Cayman Islands or any other relevant jurisdictions having expired or terminated; and all applicable statutory or other legal obligations having been complied with;
- (vi) the Purchaser undertaking a due diligence investigation in respect of the Target Company including but not limited to the affairs, business, assets, liabilities, operations, records, financial position, value of assets, accounts, results, legal and financing structure of the Target Company and the Purchaser being in its sole and absolute discretion satisfied with the results of such due diligence investigation; and
- (vii) the Purchaser having placed with the Purchaser's solicitors the amount of HK\$3,100,000 for settlement of the Purchase Price.

If the above conditions have not been fulfilled (or as the case may be, waived by the Purchaser) on or before 5:00 p.m. on the Long Stop Date, (or by such later date(s) as the parties to the Agreement may agree in writing) the provisions of the Agreement shall thereupon have no effect and no parties shall have any liability under them (without prejudice to the rights of any of the parties in respect of antecedent breaches).

## **LISTING RULES IMPLICATION**

The Consideration is HK\$3,100,000. The Vendor is a connected person of the Company and the Acquisition constitutes a connected transaction for the Company under the GEM Listing Rules. Since the applicable percentage ratios as defined in the GEM Listing Rules in respect of the Acquisition is less than 5%, the Acquisition is only subject to the reporting and announcement requirements as set out in Rule 20.32 of the GEM Listing Rules and is exempt from the independent shareholders' approval requirements.

## **INFORMATION ON THE TARGET COMPANY**

The Target Company is a company incorporated in Hong Kong with limited liability and wholly and beneficially owned by the Vendor. The Target Company's main assets are licences permitting it to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance ("SFO"). The original purchase cost of the Target Company to the Vendor was approximately HK\$380,000.

Set out below is the financial information of the Target Company based on the audited financial statements of the Target Company prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants as provided by the Vendor:

	<b>Year ended 31 March 2010 (Audited) HK\$'000</b>	<b>Year ended 31 March 2009 (Audited) HK\$'000</b>
Turnover	<b>244.6</b>	360.3
Profit/(loss) before taxation	<b>182.2</b>	(320.6)
Profit/(loss) for the year	<b>182.2</b>	(320.6)
	<b>As at 31 March 2010 (Audited) HK\$'000</b>	<b>As at 31 March 2009 (Audited) HK\$'000</b>
Net assets	<b>410.9</b>	228.7

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Company is an investment holding company. The Group is principally engaged in the development, production and provision of financial information services and technology solutions to corporate clients and retail investors in Greater China and in securities and futures business.

As stated in the third quarterly report of the Group for the financial year 2010/2011, the Group continues to explore new business opportunities and expansion in the securities and futures segment and the Acquisition will enable the Group to engage in Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

The Directors (including all the independent non-executive Directors) are of the view that the Agreement and the transactions contemplated therein are (a) fair and reasonable and in the interests of the Company and the Shareholders as a whole; (b) in the ordinary and usual course of business of the Company; and (c) on normal commercial terms which have been negotiated on an arm's length basis. None of the Directors has a material interest in the transaction under the Agreement or is required to abstain from voting on the board resolution for considering and approving such transaction.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Acquisition”	the acquisition of the Sale Shares under the Agreement and all the transactions contemplated thereunder
“Agreement”	the conditional sale and purchase agreement dated 21 March 2011 and entered into among the Purchaser, the Vendor and the Guarantor in respect of the Acquisition

“Board”	the board of directors of the Company
“Company”	Finet Group Limited, a company incorporated in the Cayman Islands and the issued Shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“Completion”	completion of the Agreement in accordance with the terms thereof
“Connected Persons”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	HK\$3,100,000, being the consideration payable by the Purchaser to the Vendor for the Sale Shares under the Agreement
“Directors”	directors of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Guarantor”	Dr. Yu Gang, George being the guarantor to the Vendor and a warrantor under the Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Long Stop Date”	2 months from the date of the Agreement
“Purchaser”	Finet Asset Management Limited, a wholly-owned subsidiary of the Company incorporated in Hong Kong
“Sale Shares”	1,066,764 ordinary shares of HK\$1.00 each in capital of the Target Company, representing the entire issued share capital of the Target Company
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.05 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	China Capital Management Limited, a company incorporated in Hong Kong and wholly-owned by the Vendor

“Vendor”                      Opulent Oriental International Limited, a company incorporated in the BVI and wholly-owned by the Guarantor

“%”                              per cent

By Order of the Board  
**Finet Group Limited**  
**Wong Ka Man**  
Company Secretary

Hong Kong, 21 March 2011

*As at the date of this announcement, the executive Directors are Ms. Lo Yuk Yee, Mr. Lum Chor Wah, Richard, Mr. Chow Wing Chau and Mr. Yiu Wing Hei, and the independent non-executive Directors are Mr. Wong Wai Kin, Mr. Siu Siu Ling, Robert and Mr. Leung Chi Hung.*

*This announcement, for which the Directors of the Company 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 announcement misleading or deceptive.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website for 7 days from the date of its publication.*