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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)

(1) PROPOSED INCREASE OF AUTHORISED SHARE CAPITAL

(2) PROPOSED SHARE CONSOLIDATION

(3) PROPOSED OPEN OFFER ON THE BASIS OF

FOUR OFFER SHARES FOR EVERY ONE

CONSOLIDATED SHARE HELD ON THE RECORD DATE

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AND

(6) PROPOSED CAPITAL REDUCTION

Financial adviser to the Company



WALLBANCK BROTHERS
Securities (Hong Kong) Limited

PROPOSED INCREASE OF AUTHORISED SHARE CAPITAL

The Company proposes to increase the authorised share capital of the Company from HK\$50,000,000, divided into 1,000,000,000 Shares of HK\$0.05 each to HK\$150,000,000 divided into 3,000,000,000 Shares of HK\$0.05 each by the creation of an additional 2,000,000,000 Shares of HK\$0.05.

PROPOSED SHARE CONSOLIDATION

The Company proposes to implement the Share Consolidation of every five issued and unissued Shares of HK\$0.05 each in the share capital of the Company into one Consolidated Share of HK\$0.25 each.

PROPOSED OPEN OFFER

The Company proposes to raise a minimum of approximately HK\$88.2 million, before expenses, by way of the Open Offer of not less than 352,650,440 Offer Shares of the Company and a maximum of approximately HK\$90.2 million, before expenses, by way of the Open offer of not more than 360,620,012 Offer Shares at the Subscription Price of HK\$0.25 per Offer Share on the basis of four Offer Shares for every one Consolidated Share in issue on the Record Date.

The Open Offer will be available only to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders. To qualify for the Open Offer, all transfers of Shares with the relevant share certificates must be lodged for registration with the Registrar by 4:30 p.m. on 4 May 2011. The register of members of the Company will be closed from 5 May 2011 to 12 May 2011, both dates inclusive, to determine the entitlements of the Qualifying Shareholders for the Open Offer and for attending the EGM.

Based on the minimum number of 352,650,440 Offer Shares, the estimated net proceeds from the Open Offer will be approximately HK\$85.7 million. The Company intends to use the net proceeds for strengthening the capital base of the securities and futures business for approximately HK\$40 million; and the balance for purchasing additional hardware, software and working capital for the provision of financial information services business.

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite, on a fully underwritten basis, the Offer Shares not validly accepted by Qualifying Shareholders (other than itself) subject to the terms and conditions of the Underwriting Agreement.

WARNING OF THE RISK OF DEALING IN THE SHARES

The Open Offer is conditional, inter alia, upon the fulfillment of the conditions set out below under the section headed “Conditions of the Underwriting Agreement”. In particular, the Open Offer is conditional upon the Whitewash Waiver having been granted by the Executive and the approval of the Open Offer and the Whitewash Waiver by the Independent Shareholders at the EGM by way of poll. The Underwriter is entitled under the Underwriting Agreement to terminate the Underwriting Agreement on the occurrence of certain events, including but not limited to force majeure, as described below. The Open Offer is also subject to the Underwriter not terminating the Underwriting Agreement. Accordingly, the Open Offer may or may not proceed.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Open Offer are fulfilled will bear the risk that the Open Offer may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares are advised to consult their own professional advisers.

IMPLICATION UNDER THE TAKEOVERS CODE AND THE WHITEWASH WAIVER

Maxx Capital International Limited, a company wholly and beneficially owned by Ms. Lo, is the Underwriter and is the controlling shareholder of the Company holding an aggregate of 203,266,790 Shares, representing approximately 46.11% of entire issued share capital of the Company as at the date of this announcement. As set out in the section headed “The Underwriting Arrangement and Undertakings”, the Underwriter pursuant to the Underwriting Agreement has agreed to take up those Offer Shares not validly accepted by the Qualifying Shareholders under the Open Offer. In the event that none of the Qualifying Shareholders accepts any Offer Shares, the Underwriter will be required to take up all the Offer Shares that are not validly accepted under the Open Offer. To ensure the compliance with the public float requirements under Rule 11.23 of the GEM Listing Rules, the Underwriter has pursuant to the Underwriting Agreement irrevocably undertaken to place down its shareholdings interest in the Company to Independent Third Parties. Accordingly, the total number of Shares, upon the completion of the Open Offer, as held by the Underwriter will be increased from 203,266,790 Shares (representing approximately 46.11% of entire issued share capital of the Company as at the date of this announcement) to a minimum of 393,303,798 Consolidated Shares (representing approximately 89.22% of the total number of Consolidated Shares in issue as enlarged by the Open Offer) or a maximum of 401,273,370 Consolidated Shares (representing approximately 89.02% of the total number of Consolidated Shares in issue as enlarged by the Open Offer).

Accordingly, without the Whitewash Waiver, the taking up of the Underwritten Shares by the Underwriter may trigger an obligation on the part of the Underwriter to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares not already owned by or agreed to be acquired by the Underwriter.

An application will be made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval of the Open Offer and the Whitewash Waiver by the Independent Shareholders at the EGM by way of poll.

PROPOSED CHANGE OF DOMICILE

The Company proposes to change the domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. The implementation of the Change of Domicile will not affect the continuity of the Company and its listing status.

PROPOSED CAPITAL REDUCTION

The Company proposes to implement the Capital Reduction involving the reduction of the existing share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK\$0.24 on each of the Consolidated Shares so that the nominal value of each Consolidated Share will be reduced from HK\$0.25 to HK\$0.01.

INDEPENDENT BOARD COMMITTEES

The Independent Board Committee comprising all the independent non-executive Directors has been established to make recommendations to the Independent Shareholders as to whether (i) the Open Offer; and (ii) the Whitewash Waiver is fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the EGM.

An independent financial adviser will be appointed to advise the Independent Board Committees and the Independent Shareholders in respect of the Open Offer and the Whitewash Waiver. A further announcement will be made immediately following the appointment of the independent financial adviser.

GENERAL

As at the date of this announcement, the Underwriter and parties acting in concert with it were interested in an aggregate of 203,266,790 Shares, representing approximately 46.11% of the entire issued share capital of the Company. The Underwriter and parties acting in concert with it shall abstain from voting at EGM in respect of the Open Offer (including the absence of excess application arrangement) and the Whitewash Waiver.

The Circular setting out, among other things, (i) further details about (a) the increase in authorised share capital; (b) the Share Consolidation; (c) the Open Offer; (d) the Whitewash Waiver; (e) the Change of Domicile; and (f) the Capital Reduction; (ii) a letter from the Independent Board Committee to the Independent Shareholders setting out their recommendation in relation to the Open Offer and Whitewash Waiver; (iii) a letter of advice from the independent financial adviser to the Independent Board Committees and the Independent Shareholders in relation to the Open Offer and the Whitewash Waiver; and (iv) a notice of the EGM, will be despatched to the Shareholders as soon as practicable.

Subject to (i) the increase in authorised share capital being approved by the Shareholders at the EGM by way of poll; (ii) the Open Offer (including the absence of excess application arrangement) and the Whitewash Waiver being approved by the Independent Shareholders at the EGM by way of poll; and (iii) the Share Consolidation becoming effective, the Prospectus Documents (or the Prospectus, where appropriate) containing further information on the Open Offer will be despatched to the Shareholders as soon as practicable.

PROPOSED INCREASE OF AUTHORISED SHARE CAPITAL

In order to accommodate the future expansion and growth of the Group and the issue of the Offer Shares pursuant to the proposed Open Offer and the Underwriting Agreement, the Company proposes to increase the authorised share capital of the Company from HK\$50,000,000, divided into 1,000,000,000 Shares of HK\$0.05 each to HK\$150,000,000 divided into 3,000,000,000 Shares of HK\$0.05 each by the creation of an additional 2,000,000,000 Shares of HK\$0.05 each.

The increase of authorised share capital is subject to and conditional upon the passing of an ordinary resolution by the Shareholders at the EGM.

PROPOSED SHARE CONSOLIDATION

The Company proposes to implement the Share Consolidation of every five issued and unissued Shares of HK\$0.05 each in the share capital of the Company into one Consolidated Share of HK\$0.25 each. The Share Consolidation will become effective upon the fulfillment of the conditions set out in the paragraph headed “Conditions of the Share Consolidation” below.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$50,000,000 divided into 1,000,000,000 Shares of HK\$0.05 each, of which 440,813,053 Shares have been issued and are fully paid. On the basis of such issued share capital, there will be 88,162,610 Consolidated Shares in issue immediately upon the Share Consolidation becoming effective (assuming that no further Shares are issued or repurchased by the Company from the date of this announcement to the effective date of the Share Consolidation). Upon the approval of the increase in authorised share capital by the Shareholders and the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$150,000,000 divided into 600,000,000 Consolidated Shares of HK\$0.25 each.

Fractional Consolidated Shares will not be issued to the Shareholders but will be aggregated and, if possible, sold for the benefit of the Company. The Consolidation Shares will rank *pari passu* in all respects with each other and the Share Consolidation will not result in any change in the relative rights or proportionate interests of the Shareholders.

The board lot size for trading of the Consolidated Shares on the Stock Exchange will remain unchanged at 2,000 Consolidated Shares upon the Share Consolidation becoming effective.

Implementation of the Share Consolidation will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders, except for the payment of the related expenses.

Reasons for the Share Consolidation

The proposed Share Consolidation will increase the nominal value of the Shares and reduce the total number of Shares currently in issue. It is expected to bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange, which will reduce the overall transaction costs for dealing in the Consolidated Shares. Accordingly, the Directors are of the view that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the fulfillment of the following conditions:

- (i) the passing by Shareholders of an ordinary resolution at the EGM by way of poll to approve the Share Consolidation;
- (ii) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective; and

(iii) the approval of the relevant regulatory authority, if required.

Subject to the fulfillment of the above conditions, it is expected that the Share Consolidation will become effective on the next business day following the date of passing the relevant resolutions to approve the Share Consolidation.

Listing and Dealings

Application will be made to the GEM Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation.

The Consolidated Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Free exchange of Share certificates

Subject to the Share Consolidation becoming effective, Shareholders may, from 13 May 2011 to 21 June 2011 (both dates inclusive), submit existing certificates for the Shares in board lot of 2,000 Shares, which is Orange in color, to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong in exchange for the new share certificates for the Consolidated Shares, at the expense of the Company, which will be purple in color. Thereafter, certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 or such higher amount as may from time to time be allowed by the Stock Exchange for each existing share certificate of the Shares cancelled or each new share certificate to be issued for the Consolidated Shares, whichever number of certificates cancelled/issued is higher, payable by the Shareholders to the Registrar of the Company.

Nevertheless, certificates for the Shares will continue to be good evidence of legal title and will be valid for dealings, trading and settlement purpose after the Share Consolidation has become effective and may be exchanged for certificates for the Consolidation Shares at any time in accordance with the foregoing.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots of the Consolidated Shares, the Company will procure an arrangement with an agent to stand in the market to provide matching service for the odd lots of the Consolidated Shares on a best effort basis. Further details in respect of the odd lot arrangement will be set out in the Circular to be despatched to the Shareholders.

PROPOSED OPEN OFFER

Issue statistics

Basis of the Open Offer	:	Four Offer Shares for every one Consolidated Share held on the Record Date
Number of Shares in issue	:	440,813,053 Shares at as the date of this announcement
Number of Outstanding Warrants in issue	:	9,961,969 Outstanding Warrants at as the date of this announcement
Number of Consolidated Shares in issue upon the Share Consolidation becoming effective	:	88,162,610 Consolidated Shares (assuming no exercise of the Outstanding Warrants on or before the Record Date) or 90,155,003 Consolidated Shares (assuming the Outstanding Warrants being exercised in full on or before the Record Date)
Minimum number of Offer Shares (Note 1)	:	352,650,440 Offer Shares
Maximum number of Offer Shares (Note 2)	:	360,620,012 Offer Shares
Subscription Price	:	HK\$0.25 per Offer Share
Minimum number of Consolidated Shares in issue upon completion of the Open Offer assuming no exercise of the Outstanding Warrants on or before the Record Date	:	440,813,050 Consolidated Shares
Maximum number of Consolidated Shares in issue upon completion of the Open Offer assuming the Outstanding Warrants being exercised in full on or before the Record Date	:	450,775,015 Consolidated Shares

Note:

1. (a) The minimum number of Offer Shares is arrived at assuming no exercise of the Outstanding Warrants on or before the Record Date.
(b) The minimum number of 352,650,440 Offer Shares would represent:
 - (i) 400% of the Company's existing issued share capital; and
 - (ii) 80% of the Company's issued share capital as enlarged by the issue of the Offer Shares, assuming no exercise of the Outstanding Warrants.

2. (a) The maximum number of Offer Shares is based on four Offer Shares for every one Consolidated Share held on the Record Date and assuming the full exercise of the Outstanding Warrants on or prior to the Record Date.

(b) The maximum number of 360,620,012 Offer Shares would represent:
 - (i) approximately 409.04% of the Company's existing issued share capital; and
 - (ii) 80% of the Company's issued share capital as enlarged by the issue of the Offer Shares, assuming full exercise of the Outstanding Warrants.
3. As at the date of this announcement, the Company has 9,961,969 Outstanding Warrants. The Outstanding Warrants entitle the holders thereof to subscribe for Shares at the exercise price of HK\$0.45 (subject to adjustment) per Share. Save for the Outstanding Warrants, the Company has no outstanding options, warrants, derivatives or convertible securities in issue which confer any rights to subscribe for, convert or exchange into the Shares as at the date of this announcement.

Subscription Price

The Subscription Price of HK\$0.25 per Offer Share is payable in full upon acceptance of the relevant offer of Offer Shares.

The Subscription Price represents:

- (i) a discount of approximately 83.33% to the closing price of HK\$1.50 per Consolidated Share, based on the closing price of HK\$0.30 per Share as quoted on the Stock Exchange on the Last Trading Date and adjusted for the effect of the Share Consolidation;
- (ii) a discount of approximately 84.47% to the average closing prices of approximately HK\$1.61 per Consolidated Share, based on the average closing price of approximately HK\$0.322 per Share for the last 5 trading days as quoted on the Stock Exchange up to and including the Last Trading Date and adjusted for the effect of the Share Consolidation;
- (iii) a discount of approximately 84.45% to the average closing prices of approximately HK\$1.6075 per Consolidated Share, based on the average closing price of approximately HK\$0.3215 per Share for the last 10 trading days as quoted on the Stock Exchange up to and including the Last Trading Date and adjusted for the effect of the Share Consolidation;
- (iv) a discount of approximately 50.0% to the theoretical ex-entitlement price of approximately HK\$0.50 per Consolidated Share, based on the closing price per Share of HK\$0.30 per Share as quoted on the Stock Exchange on the Last Trading Date and adjusted for the effect of the Share Consolidation; and
- (v) a discount of approximately 78.13% to the audited consolidated net assets value per Consolidated Share of approximately HK\$1.1431 as at 31 March 2010, based on the audited consolidated net assets value as at 31 March 2010 and the number of Shares in issue as at 31 March 2010, adjusted for the effect of Share Consolidation.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the current market price of the Shares. As the Offer Shares are offered to all Qualifying Shareholders, the Directors would like to set the Subscription Price at a level that would attract the Qualifying Shareholders to participate in

the Open Offer. The Directors (excluding independent non-executive Directors whose opinion on the matter will be set forth in the Circular after having been advised by the independent financial adviser in this regard) consider the terms of the Open Offer, including the Subscription Price, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Basis of provisional allotments

The basis of the Open Offer will be four Offer Shares for every one Consolidated Share held by the Qualifying Shareholders on the Record Date at a Subscription Price of HK\$0.25 per Offer Share.

Application for all or any part of a Qualifying Shareholder's assured entitlement should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being applied for.

Status of the Offer Shares

The Offer Shares, when allotted and fully paid, will rank *pari passu* in all respects with the Consolidated Shares then in issue. Holders of Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment of the Offer Shares.

Application for listing

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of and permission to deal in, the Offer Shares to be issued and allotted pursuant to the Open Offer.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Offer Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Offer Shares (in board lots of 2,000), which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but the Company will not send any Application Forms to the Non-Qualifying Shareholders.

To qualify for the Open Offer, a Shareholder must (i) be registered as a member of the Company at the close of business on the Record Date; and (ii) be a Qualifying Shareholder. In order to be registered as members of the Company at the close of business on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) with the Registrar for registration no later than 4:30 p.m. on 4 May 2011.

Closure of register of members

The register of members of the Company will be closed from 5 May 2011 to 12 May 2011, both dates inclusive, for the purpose of determining the entitlements of the Qualifying Shareholders for the Open Offer. No transfers of Shares will be registered during the book closure period. In order to qualify for the Open Offer, all transfer forms accompanied by the relevant share certificates must be lodged with the Registrar by 4:30 p.m. on 4 May 2011.

Certificates of the Offer Shares

Subject to the fulfillment of the conditions of the Open Offer, share certificates for the Offer Shares are expected to be posted by 7 June 2011 to those Shareholders entitled thereto by ordinary post at their own risks.

Rights of Non-Qualifying Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

In compliance with necessary requirements of the GEM Listing Rules, the Company will make enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders (if any). If, based on legal advice, the Directors consider that it is necessary or expedient not to offer the Offer Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Open Offer will not be available to such Overseas Shareholders. Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Open Offer, to be despatched to the Qualifying Shareholders on the Posting Date. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any Application Forms to them on the Posting Date.

The entitlements of the Non-Qualifying Shareholders will be aggregated and sold in the market. The proceeds of such sale less expense will be received for the benefit of the Company.

No application for excess Offer Shares

Considering that the Open Offer will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro-rata shareholding interests in the Company, if application for excess Offer Shares is arranged, the Company will be required to put in additional effort and costs to administer the excess application procedures.

After arm's length negotiation with the Underwriter and taking into account the administrative costs to be incurred by excess application arrangement, the Board has decided that the Qualifying Shareholders would not be entitled to apply for any Offer Shares which are in excess of their assured entitlements. Any Offer Shares not taken up by the Qualifying Shareholders will be taken up by the Underwriter. The absence of excess application and the alternative arrangement for the disposal of the Offer Shares not taken up must be specifically approved by the Independent Shareholders at the EGM by way of poll for the purpose of compliance with Rule 10.31(2) of the GEM Listing Rules.

No transfer of nil-paid entitlements

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable. There will not be any trading in nil-paid entitlements on the Stock Exchange.

Fraction of Offer Share (if any)

Entitlement to Offer Shares will be rounded down to the nearest whole number. Fractional entitlements to the Offer Shares will not be issued but will be aggregated and sold for the benefit of the Company.

Conditions of the Open Offer

The Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof.

THE UNDERWRITING ARRANGEMENT AND UNDERTAKINGS

The Underwriting Agreement

Date	:	25 March 2011 (after trading hours)
Underwriter	:	Maxx Capital International Limited, a company wholly and beneficially owned by Ms. Lo, is the controlling shareholder of the Company holding an aggregate of 203,266,790 Shares, representing approximately 46.11% of the entire issued share capital of the Company as at the date of this announcement
Total number of Offer Shares being underwritten by the Underwriter	:	The Underwriter has conditionally agreed to underwrite, on a fully underwritten basis, the Offer Shares not validly accepted by Qualifying Shareholders (other than itself) subject to the terms and conditions of the Underwriting Agreement.
Commission	:	1.5% of the aggregate Subscription Price of the Underwritten Shares as determined on the Record Date underwritten by the Underwriter

The commission rate was determined after arm's length negotiation between the Company and the Underwriter by reference to the existing financial position of the Group, the size of the Open Offer, and the current and expected market condition. The Directors (excluding independent non-executive Directors whose opinion on the matter will be set forth in the Circular after having been advised by the independent financial adviser in this regard) consider the terms of the Underwriting Agreement including the commission rate are fair and reasonable so far as the Company and the Shareholders are concerned.

Irrevocable undertakings from the Underwriter

As at the date of this announcement, the Underwriter and parties acting in concert with it were interested in an aggregate of 203,266,790 Shares, representing approximately 46.11% of the entire issued share capital of the Company.

On 25 March 2011, the Underwriter has irrevocably undertaken, and has undertaken to procure Ms. Lo and parties acting in concert with any of them to undertake to the Company, among other things, that (i) they will not dispose of the 203,266,790 Shares beneficially owned by them up to the Acceptance Date; and (ii) they will accept and pay for their entitlement to the subscription of 162,613,432 Offer Shares under the Open Offer in respect of the 203,266,790 Shares held by them as at the date of the Underwriting Agreement.

Placing arrangement for maintaining public float

Pursuant to the public float requirements under Rule 11.23 of the GEM Listing Rules, the public Shareholders, at all times, must at least hold 25% of the total issued share capital of the Company. Accordingly, the Underwriter has irrevocably undertaken to the Company that if the underwriting arrangement in respect of the Open Offer results in less than 25% of the total issued share capital of the Company held by the public Shareholders, the Underwriter has undertaken to place down its shareholdings interest in the Company to Independent Third Parties in order to comply with the public float requirement under the GEM Listing Rules.

Conditions of Underwriting Agreement

The Underwriting agreement is conditional, among other things, upon the following conditions being fulfilled:

- (i) the passing by the Shareholders of ordinary resolution(s) at the EGM by way of poll to approve the increase in authorised share capital and Share Consolidation;
- (ii) the Share Consolidation becoming effective on or before the Posting Date;
- (iii) the passing by the Independent Shareholders of ordinary resolution(s) at the EGM by way of poll to approve the Underwriting Agreement, the Open Offer, the Whitewash Waiver, the allotment and issue of the Offer Shares and the transactions contemplated thereunder;
- (iv) the Executive granting the Whitewash Waiver to the Underwriter (and parties acting in concert with it as defined in Takeovers Code) and the satisfaction of any condition(s) attached to the Whitewash Waiver granted;

- (v) the delivery to the Stock Exchange and the registration by the Registrar of Companies in Hong Kong respectively on or prior to the Posting Date of one copy of each of the Prospectus Documents each duly certified in compliance with section 342C of the Companies Ordinance (and all other documents required to be attached thereto) and, if required, the delivery and filing with the Registrar of Companies in the Cayman Islands in accordance with the requirements of the Companies Law of one copy of each of the Prospectus Documents each duly certified as required by the Companies Law and otherwise complying with the requirements of the Companies Ordinance, the Companies Law and the GEM Listing Rules;
- (vi) the posting on the Posting Date of copies of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus marked “For information only” to the Non-Qualifying Shareholders;
- (vii) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, (a) the Consolidated Shares; and (b) the Offer Shares either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) by no later than the dates specified in such approval and not having withdrawn or revoked such listings and permission on or before the first day of dealings of the Offer Shares;
- (viii) the Shares remaining listed on the Stock Exchange at all times prior to the Settlement Date and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 5 trading days (other than any suspension pending clearance of the Announcement) and no indication being received before 4:00 p.m. on the Settlement Date from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Open Offer or in connection with the terms of the Underwriting Agreement or for any other reason;
- (ix) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms thereof; and
- (x) compliance with and performance by the Underwriter and parties acting in concert with it of the undertakings and obligations contained in their undertakings as more particularly described in the paragraph headed “Irrevocable undertakings from the Underwriter” and “Placing arrangement for maintaining public float” above.

Conditions set out above are not capable of being waived. If the above conditions are not fulfilled in whole or in part by the Underwriter by 31 May 2011 or such later date or dates as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall terminate and (save for any antecedent breach of the Underwriting Agreement and any rights or obligations which may accrue under the Underwriting Agreement prior to such termination) no party will have any claim against any other party for costs, damages, compensation or otherwise. If the Underwriting Agreement terminates in accordance with its terms, the Open Offer will not proceed. The irrevocable undertaking by Underwriter and parties acting in concert as described above will lapse.

Termination of the Underwriting Agreement

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing issued to the Company by the Underwriter at any time prior to 4:00 p.m. on the 2nd Business Day following the Acceptance Date (or such later time or date as may be agreed between the Company and the Underwriter) if:

- (a) the Company commits any material breach of or omits to observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement which breach or omission will, in the reasonable opinion of the Underwriter, have a material and adverse effect on the business, financial or trading position of the Company; or
- (b) the Underwriter shall receive notification pursuant to the provisions of the Underwriting Agreement of, or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter shall, in its reasonable opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Open Offer; or
- (c) the Company shall, after any matter or event referred to in the Underwriting Agreement has occurred or come to the Underwriter's attention, fail promptly to send out any announcement or circular (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents) as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company;
- (d) there shall be:
 - (i) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere); or
 - (ii) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, industrial, economic, taxation, exchange control or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict, or affecting local securities market; or
 - (iii) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
 - (iv) any material adverse change in the financial or trading position of the Group as a whole; or

- (v) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the shares of the Company generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (vi) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange; or
- (vii) the commencement by any third party of any litigation or claim against any member of the Group which is or might be material to the Group taken as a whole; or
- (viii) the imposition of economic or other sanctions, in whatever form directly or indirectly, on Hong Kong, the PRC or other jurisdiction relevant to the Group or any member of the Group,

and in the reasonable opinion of the Underwriter, such change would have a material and adverse effect on the business, financial or trading position or prospects of the Group as a whole or the success of the Open Offer or make it inadvisable or inexpedient to proceed with the Open Offer.

If the Underwriter exercises such right, the Open Offer will not proceed.

Upon giving any of such notice, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and no party thereunder shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement and the Company shall not be liable to pay any underwriting commission.

WARNING OF THE RISK OF DEALING IN THE SHARES

The Open Offer is conditional, inter alia, upon the fulfillment of the conditions set out above the section headed “Conditions of the Underwriting Agreement”. In particular, the Open Offer is conditional upon the Whitewash Waiver having been granted by the Executive and the approval of the Open Offer and the Whitewash Waiver by the Independent Shareholders at the EGM by way of poll. The Underwriter is entitled under the Underwriting Agreement to terminate the Underwriting Agreement on the occurrence of certain events, including but not limited to force majeure, as described in this announcement. The Open Offer is also subject to the Underwriter not terminating the Underwriting Agreement. Accordingly, the Open Offer may or may not proceed.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Open Offer are fulfilled will bear the risk that the Open Offer may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares are advised to consult their own professional advisers.

EXPECTED TIMETABLE

The expected timetable for the Open Offer is set out below:

	2011 (Hong Kong time)
Expected date of despatch of the Circular and form of proxy of the EGM	not later than Friday, 15 April
Last day of dealings in the Shares on a cum-entitlement basis for the Open Offer	Friday, 29 April
First day of dealings in the Shares on an ex-entitlement basis for the Open Offer	Tuesday, 3 May
Latest time for lodging transfer of the Shares in order to be qualified for the Open Offer	4:30 p.m. on Wednesday, 4 May
Register of members closes (both dates inclusive)	Thursday, 5 May to Thursday, 12 May
Latest time for return of form of proxy for the EGM (not less than 48 hours)	11:00 a.m. on Tuesday, 10 May
EGM	11:00 a.m. on Thursday, 12 May
Record Date for the Open Offer	Thursday, 12 May
Announcement of results of the EGM to be published on the Stock Exchange website	Thursday, 12 May
Register of members re-opens	Friday, 13 May
Prospectus Documents expected to be despatched	Friday, 13 May
Effective date of the Share Consolidation	Friday, 13 May
Commencement of dealings in Consolidated Shares	9:00 a.m. on Friday, 13 May
Original counter for trading in existing Shares in board lots of 2,000 Shares closes	9:00 a.m. on Friday, 13 May
Temporary counter for trading in Consolidated Shares in board lots of 400 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Friday, 13 May
First day of free exchange of existing share certificates for new share certificate for the Consolidated Shares	Friday, 13 May

Original counter for trading in the Consolidated Shares in board lots of 2,000 Consolidated Share (in the form of new share certificates for the Consolidated Share) re-opens	Friday, 27 May
Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Share) commences	Friday, 27 May
Odd lot arrangement commences	Friday, 27 May
Latest time for acceptance of and payment for the Offer Shares	4:00 p.m. on Friday, 27 May
Open Offer expected to become unconditional	4:00 p.m. on Tuesday, 31 May
Announcement of allotment results	Friday, 3 June
Certificates for the Offer Shares expected to be despatched on or before	Tuesday, 7 June
Dealings in Offer Shares commence	Thursday, 9 June
Temporary counter for trading in Consolidated Shares in board lots of 400 Consolidated Shares (in the form of existing share certificates) closes	Friday, 17 June
Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Share) ends	Friday, 17 June
Odd lot arrangement ends	Friday, 17 June
Last day of free exchange of existing share certificates for new share certificate for the Consolidated Shares	Tuesday, 21 June

Note:

1. All times and dates in this announcement refer to Hong Kong local times and dates.
2. The latest time for acceptance of and payment for the Offer Shares will not take place at the Acceptance Date if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning:
 - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the Acceptance Date. Instead the latest time of acceptance of and payment for the Offer Shares will be extended to 5:00 p.m. on the same Business Day;
 - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Acceptance Date. Instead the latest time of acceptance of and payment for the Offer Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Offer Shares does not take place on the Acceptance Date, the dates mentioned in this section headed “Expected timetable” may be affected. An announcement will be made by the Company in such an event as soon as practicable.

3. The expected timetable for the Share Consolidation and Open Offer as set out above is indicative only. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the date of this announcement to immediately after completion of the Open Offer for illustration purpose only:

(a) Scenario 1

Assuming there is no exercise of Outstanding Warrants on or before the Record Date:

Shareholder	As at the date of this announcement		Immediately after the Share Consolidation but before the completion of the Open Offer		Upon completion of the Open Offer assuming all Shareholders take up their respective entitlements to the Open Offer in full		Upon completion of the Open Offer assuming no other Shareholder takes up any Underwritten Shares and all Underwritten Shares are taken up by the Underwriter		Upon completion of the Open Offer assuming no other Shareholder takes up any Underwritten Shares and all Underwritten Shares are taken up by the Underwriter; while the public Shareholders does not hold less than 25% of the issued share capital of the Company (Note 2)	
	Number of Shares		Number of Consolidated Shares		Number of Consolidated Shares		Number of Consolidated Shares		Number of Consolidated Shares	
		%		%		%		%		%
The Underwriter and parties acting in concert with it (Note 1)	203,266,790	46.11	40,653,358	46.11	203,266,790	46.11	393,303,798	89.22	330,609,787	75.00
Other public Shareholders	237,546,263	53.89	47,509,252	53.89	237,546,260	53.89	47,509,252	10.78	110,203,263	25.00
Total	<u>440,813,053</u>	<u>100.00</u>	<u>88,162,610</u>	<u>100.00</u>	<u>440,813,050</u>	<u>100.00</u>	<u>440,813,050</u>	<u>100.00</u>	<u>440,813,050</u>	<u>100.00</u>

(b) Scenario 2

Assuming the Outstanding Warrants being exercised in full on or before the Record Date:

Shareholder	As at the Latest Practicable Date		Immediately after the Share Consolidation but before the completion of the Open Offer		Assuming the Outstanding Warrants being exercised in full on or before the Record Date		Upon completion of the Open Offer assuming all Shareholders take up their respective entitlements to the Open Offer in full		Upon completion of the Open Offer assuming no other Shareholder takes up any Underwritten Shares and all Underwritten Shares are taken up by the Underwriter		Upon completion of the Open Offer assuming no other Shareholder takes up any Underwritten Shares and all Underwritten Shares are taken up by the Underwriter; while the public Shareholders does not hold less than 25% of the issued share capital of the Company (Note 2)	
	Number of Shares		Number of Consolidated Shares		Number of Consolidated Shares		Number of Consolidated Shares		Number of Consolidated Shares		Number of Consolidated Shares	
		%		%		%		%		%		%
The Underwriter and parties acting in concert with it (Note 1)	203,266,790	46.11	40,653,358	46.11	40,653,358	45.09	203,266,790	45.09	401,273,370	89.02	338,081,261	75.00
Other public Shareholders	237,546,263	53.89	47,509,252	53.89	49,501,645	54.91	247,508,225	54.91	49,501,645	10.98	112,693,754	25.00
Total	<u>440,813,053</u>	<u>100.00</u>	<u>88,162,610</u>	<u>100.00</u>	<u>90,155,003</u>	<u>100.00</u>	<u>450,775,015</u>	<u>100.00</u>	<u>450,775,015</u>	<u>100.00</u>	<u>450,775,015</u>	<u>100.00</u>

Note:

1. the entire issued share capital of the Underwriter or Maxx Capital International Limited is wholly and beneficially owned by Ms. Lo, an executive Director and the chairwoman of the Company.
2. the Underwriter has irrevocably undertaken to the Company that if the underwriting arrangement in respect of the Open Offer results in less than 25% of the total issued share capital of the Company held by the public Shareholders, the Underwriter has undertaken to place down its shareholding interest in the Company to Independent Third Parties in order to comply with the public float requirement under the GEM Listing Rules.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcement	Event	Net proceeds raised	Intended use of proceeds	Actual use of proceeds as at the date of the Announcement
29 September 2010	Placing of new Shares	HK\$33,000,000	General working capital	Used in the securities and futures business

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past twelve months before the date of this announcement.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

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.

The Company will raise a minimum of approximately HK\$88.2 million, before expenses, by way of Open Offer of not less than 352,650,440 Offer Shares of the Company and a maximum of approximately HK\$90.2 million, before expenses, by way of Open Offer of not more than 360,620,012 Offer Shares and the estimated net proceeds from the Open Offer will be approximately HK\$85.7 million. The price per Offer Share net of expenses is approximately HK\$0.24. The Company intends to use the net proceeds for strengthening the capital base of the securities and futures business for approximately HK\$40 million and the balance for purchasing additional hardware, software and working capital for the provision of financial information services business.

As the aforesaid funding requirement for the expansion of the Company, the Directors (excluding independent non-executive Directors whose opinion on the matter will be set forth in the Circular after having been advised by the independent financial adviser in this regard) consider that the Open Offer will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and, hence the Directors (excluding independent non-executive Directors whose opinion on the matter will be set forth in the Circular after having been advised by the independent financial adviser in this regard) consider that fund raising through the Open Offer is in the best interests of the Company and the Shareholders as a whole. **However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholding in the Company will be diluted.**

IMPLICATION UNDER THE TAKEOVERS CODE AND THE WHITEWASH WAIVER

Maxx Capital International Limited, a company wholly and beneficially owned by Ms. Lo, is the Underwriter and is the controlling shareholder of the Company holding an aggregate of 203,266,790 Shares, representing approximately 46.11% of the entire issued share capital of the Company as at the date of this announcement.

As at the date of this announcement, save for 203,266,790 Shares, there was:

- (a) no outstanding derivative in respect of securities in the Company entered into by the Underwriter and parties acting in concert with it; and
- (b) no existing holding of voting rights and rights over Shares (i) which the Underwriter owns or over which it has control or direction; (ii) which is owned or controlled or directed by any person acting in concert with the Underwriter; (iii) in respect of which the Underwriter or any person acting in concert with it has received an irrevocable commitment to vote for or against the Open Offer and Whitewash Waiver; and (iv) in respect of which the Underwriter or any person acting in concert with it holds convertible securities, warrants or options of the Company;

Pursuant to the Underwriting Agreement, the Underwriter has irrevocably undertaken to the Company that if the underwriting arrangement in respect of the Open Offer results in less than 25% of the total issued share capital of the Company held by the public Shareholders, the Underwriter has undertaken to place down its shareholdings interest in the Company to Independent Third Parties in order to comply with the public float requirement under the GEM Listing Rules.

As at the date of this announcement, save for the placing arrangement pursuant to the Underwriting Agreement, there was:

- (a) no arrangements (whether by way of option, indemnity or otherwise) in relation to shares of the Underwriter or the Company, and which might be material to the Open Offer and the Whitewash Waiver;
- (b) no agreements or arrangements to which the Underwriter is a party which relate to circumstances in which it may or may not invoke or seek a pre-condition or a condition to the Open Offer and the Whitewash Waiver; and
- (c) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which the Underwriter or any person acting in concert with it has borrowed or lent.

As at the date of this announcement, the Underwriter and parties acting in concert with it (i) have not made any dealings in Shares with any Shareholders of the Company in the last six months; and (ii) have not made or entered into any arrangements with any Shareholders of the Company which have favorable conditions not extended to all Shareholders of the Company in the last six months.

As set out in the section headed “Underwriting Arrangement and Undertakings”, the Underwriter pursuant to the Underwriting Agreement to the Company has agreed to take up those Offer Shares not validly accepted by the Qualifying Shareholders and the entire entitlement to Offer Shares under the Open Offer. In the event that none of the Qualifying Shareholders accepts any Offer Shares, the Underwriter will be required to take up all the

Offer Shares that are not validly accepted under the Open Offer. To ensure the compliance with the public float requirements under Rule 11.23 of the GEM Listing Rules, the Underwriter, pursuant to the Underwriting Agreement, has irrevocably undertaken to place down its shareholdings interest in the Company to Independent Third Parties. Accordingly, the total number of Shares as held by the Underwriter will be increased from 203,266,790 Shares (representing approximately 46.11% of the entire issued share capital of the Company as at the date of this announcement) to a minimum of 393,303,798 Consolidated Shares (representing approximately 89.22% of the total number of Consolidated Shares in issue as enlarged by the Open Offer) or a maximum of 401,273,370 Consolidated Shares (representing approximately 89.02% of the total number of Consolidated Shares in issue as enlarged by the Open Offer).

Accordingly, without the Whitewash Waiver the taking up of the Underwritten Shares by the Underwriter may trigger an obligation on the part of the Underwriter to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares not already owned by or agreed to be acquired by the Underwriter.

An application will be made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval of the Open Offer and the Whitewash Waiver by the Independent Shareholders at the EGM by way of poll.

It is one of the conditions of the Underwriting Agreement that the Whitewash Waiver be granted by the Executive and approved by the Independent Shareholders at the EGM by way of poll. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Underwriting Agreement will not become unconditional and the Open Offer will not proceed.

PROPOSED CHANGE OF DOMICILE

The Company propose to change the domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda.

Effect of the Change of Domicile

Other than the expenses to be incurred, the Change of Domicile will not alter the underlying assets, investments, management or financial position of the Company nor the proportionate interests of the Shareholders. The Company's legal advisers as to the laws of the Cayman Islands and Bermuda is of the view that the continuation of the Company into Bermuda does not create a new legal entity or prejudice or affect the continuity of the Company. The Company will continue to maintain a principal place of business in Hong Kong.

The Change of Domicile also will not involve the formation of a new holding company, the withdrawal of listing of the Consolidated Shares, any issue of new Consolidated Shares, any transfer of assets of the Company or any change in the existing shareholding of the Company. Implementation of the Change of Domicile will not affect its listing status of the Shares on GEM.

To facilitate the Change of Domicile, it is proposed that a memorandum of continuance and a new set of Articles of Association will be adopted by the Company to replace the existing memorandum of association and the Articles of Association respectively in order to comply with Bermuda company law.

Reasons for the Change of Domicile

If the Company proceeds with the Capital Reduction in the Cayman Islands, the sanction by the Grand Court of the Cayman Islands would be required, such sanction cannot be obtained in a commercially expedient time frame. If the Capital Reduction will be effected by way of a change of domicile of the Company from the Cayman Islands to Bermuda through de-registration in the Cayman Islands and continuation in Bermuda, the legal advisers of the Company as to the laws of the Cayman Islands and Bermuda have advised that no court order is required in the Cayman Islands or Bermuda for the Change of Domicile and the Capital Reduction. The Directors consider that it would save the Company's time and costs for the carrying out of the Capital Reduction in Bermuda by first implementing the Change of Domicile.

The Directors believe that the Change of Domicile is beneficial to and in the interests of the Company and the Shareholders as a whole.

Conditions of the Change of Domicile

The Change of Domicile is conditional upon the fulfillment of the following conditions:

- (i) the passing of ordinary resolution by the Shareholders at the EGM to approve the increase in authorised share capital and Share Consolidation;
- (ii) the Share Consolidation becoming effective;
- (iii) the passing of the necessary special resolution(s) by the Shareholders at the EGM to approve (a) an amendment to the memorandum and articles of association of the Company to facilitate the Change of Domicile, (b) the Change of Domicile, and (c) the adoption of the new memorandum of continuance and bye-laws of the Company; and
- (iv) compliance with the relevant procedures and requirements under the laws of the Cayman Islands and Bermuda, including the obtaining of the permission from the Bermuda Monetary Authority.

PROPOSED CAPITAL REDUCTION

The Company proposes to implement the Capital Reduction involving the reduction of the existing share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK\$0.24 on each of the Consolidated Shares so that the nominal value of each Consolidated Share will be reduced from HK\$0.25 to HK\$0.01. The Capital Reduction will become effective upon the fulfillment of the conditions set out in the paragraph headed "Conditions of the Capital Reduction" below.

Effect of the Capital Reduction

As at the date of this announcement, the authorised share capital of the Company is HK\$50,000,000 divided into 1,000,000,000 Shares of HK\$0.05 each, of which 440,813,053 Shares have been issued and are fully paid. Upon the approval of the increase in authorised share capital by the Shareholders, the Share Consolidation becoming effective and the completion of the Open Offer, the authorised share capital of the Company will become HK\$150,000,000 divided into 600,000,000 Consolidated Shares of HK\$0.25 each, of which a minimum of 440,813,050 Consolidated Shares or a maximum of 450,775,015 Consolidated Shares will be in issue. On the assumption that no further Shares (save and except for the Offer Share pursuant to the Open Offer) will be issued or repurchased by the Company after the date of this announcement, the nominal value of the issued share capital of the Company immediately before the Capital Reduction becoming effective will be a minimum of approximately HK\$110.2 million or a maximum of approximately HK\$112.7 million. As such, a credit of a minimum of approximately HK\$105.8 million or a maximum of approximately HK\$108.2 million will arise as a result of the Capital Reduction. Such credit will be applied by the Directors to set off against the accumulated losses of the Company and the balance (if any) will be transferred to a distributable reserve called the distributable capital reserve account of the Company. The accumulated losses of the Company was approximately HK\$146.3 million as shown in the audited financial statements of the Company for the year ended 31 March 2010.

Implementation of the Capital Reduction will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders, except for the payment of the related expenses. The Directors believe that the Capital Reduction will not have any adverse effect on the financial position of the Company and its subsidiaries and the Directors believe that on the date the Capital Reduction is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reduction would be, unable to pay its liabilities as they become due. No capital will be lost as a result of the Capital Reduction and, except for the expenses involved in relation to the Capital Reduction which is expected to be insignificant in the context of the net asset value of the Company, the net asset value of the Company will remain unchanged before and after the Capital Reduction becoming effective. The Capital Reduction does not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid up capital of the Company. The Capital Reduction will not result in any change in the relative rights of the Shareholders.

Reason for the Capital Reduction

The Directors consider that the Capital Reduction will give greater flexibility to the Company to raise funds through the issue of new Adjusted Shares in the future and the elimination of the Company's accumulated loss will allow greater flexibility for the Company to pay dividends in the future. As such, the Directors are of the view that the Capital Reduction is in the interests of the Company and the Shareholders as a whole.

At this stage, there can be no assurance that a dividend will be declared or paid in future even if the Capital Reduction becomes effective.

Conditions of the Capital Reduction

The Capital Reduction is conditional upon the fulfillment of the following conditions:

- (i) the Change of Domicile becoming effective;
- (ii) the passing by Shareholders of a special resolution at the EGM by way of poll to approve the Capital Reduction; and
- (iii) the compliance with the relevant procedures and requirements under Bermuda law (where applicable) and the GEM Listing Rules to effect the Capital Reduction.

ADJUSTMENT IN RELATION TO THE OUTSTANDING WARRANTS

As at the date of this announcement, the Company has 9,961,969 Outstanding Warrants. The Outstanding Warrants entitle the holders thereof to subscribe for Shares at the exercise price of HK\$0.45 (subject to adjustment) per Share.

Upon the Share Consolidation becoming effective and the completion of the Open Offer, the exercise price and the number of the Consolidated Shares to be issued under the Outstanding Warrants will be adjusted in accordance with the relevant provisions of the agreement relating to the Outstanding Warrants. Such adjustments will be reviewed and certified by auditors or an independent financial advisor to be appointed by the Company and further details in respect of such adjustment will be announced in a separate announcement by the Company as and when appropriate.

INDEPENDENT BOARD COMMITTEES

The Independent Board Committee comprising all the independent non-executive Directors has been established to make recommendations to the Independent Shareholders as to whether the Open Offer (including the absence of excess application arrangement) and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the EGM.

An independent financial adviser will be appointed to advise the Independent Board Committees and the Independent Shareholders in respect of the Open Offer (including the absence of excess application arrangement) and the Whitewash Waiver. A further announcement will be made immediately following the appointment of the independent financial adviser.

GENERAL

The Open Offer is conditional on, among other things, the approval of the Open Offer (including the absence of excess application arrangement) and the Whitewash Waiver by the Independent Shareholders at the EGM by way of poll. If the Whitewash Waiver is not approved by the Independent Shareholders at the EGM, the Open Offer will not proceed.

As at the date of this announcement, the Underwriter and parties acting in concert with it were interested in an aggregate of 203,266,790 Shares, representing approximately 46.11% of the entire issued share capital of the Company. The Underwriter and parties acting in concert with it shall abstain from voting at EGM in respect of the Open Offer (including the absence of excess application arrangement) and the Whitewash Waiver.

The Circular setting out, among other things, (i) further details on (a) the increase in authorised share capital; (b) the Share Consolidation; (c) the Open Offer; (d) the Whitewash Waiver; (e) the Change of Domicile; and (f) the Capital Reduction; (ii) a letter from the Independent Board Committee to the Independent Shareholders setting out their recommendation in relation to the Open Offer and Whitewash Waiver; (iii) a letter of advice from the independent financial adviser to the Independent Board Committees and the Independent Shareholders in relation to the Open Offer and the Whitewash Waiver; and (iv) a notice of the EGM, will be despatched to the Shareholders as soon as practicable.

Subject to (i) the increase in authorised share capital being approved by the Shareholders at the EGM by way of poll; (ii) the Open Offer (including the absence of excess application arrangement) and the Whitewash Waiver being approved by the Independent Shareholders at the EGM by way of poll; and (iii) the Share Consolidation becoming effective, the Prospectus Documents (or the Prospectus, where appropriate) containing further information on the Open Offer will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acceptance Date”	27 May 2011 (or such other date as the Underwriter may agree in writing with the Company) the latest date for acceptance of, and payment for, the Offer Shares
“Adjusted Share(s)”	ordinary share(s) HK\$0.01 each in the capital of the Company immediately after the Capital Reduction becoming effective
“Application Form(s)”	the application form(s) to be issued to the Qualifying Shareholders in respect of their assured entitlements under the Open Offer
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which banks are generally open for business for more than five hours in Hong Kong
“Capital Reduction”	the proposed reduction of the nominal value of the Consolidated Shares from HK\$0.25 each to HK\$0.01 by cancelling the paid up capital to the extent of HK\$0.24 on each of the issued Consolidated Share
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change of Domicile”	the proposed change of domicile of the Company from the Cayman Islands to Bermuda

“Circular”	the circular to be despatched to the Shareholders setting out further details on (a) the increase in authorised share capital; (b) the Share Consolidation; (c) the Open Offer; (d) the Whitewash Waiver; (e) the Change of Domicile; and (f) the Capital Reduction; and containing a letter from the Independent Board Committee, a letter from the independent financial adviser and notice of EGM
“Company”	Finet Group Limited (Stock Code: 8317), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“Consolidated Share(s)”	ordinary share(s) of HK\$0.25 each in the capital of the Company immediately after the Share Consolidation becoming effective
“controlling shareholder”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, passing the relevant resolutions to approve, among other things, (a) the increase in authorised share capital; (b) the Share Consolidation; (c) the Open Offer; (d) the Whitewash Waiver; (e) the Change of Domicile; and (f) the Capital Reduction
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company formed by the Company to advise the Independent Shareholders as to whether the Open Offer and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole
“Independent Shareholder(s)”	Shareholders other than (i) the Underwriter and parties acting in concert with it; (ii) the Directors (excluding independent non-executive Directors), the chief executive of the Company and their respective associates; and (iii) those (if any) involved in or interested in the Underwriting Agreement and the Whitewash Waiver

“Independent Third Party(ies)”	third parties independent of and not connected with the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates
“Last Trading Day”	25 March 2011, being the date of the Underwriting Agreement, which is a Stock Exchange trading day
“Ms. Lo”	Ms. Lo Yuk Yee, an executive Director and the chairwoman of the Company, wholly and beneficial owned Maxx Capital International Limited
“Non-Qualifying Shareholders”	those Overseas Shareholders whom the Directors, based on legal advice provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Open Offer to such shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Offer Shares”	a minimum of 352,650,440 Offer Shares, assuming no new Shares will be issued by the Company and no Outstanding Warrants will be exercised by the holders of the Outstanding Warrants after the date of this announcement and up to the Record Date and a maximum of 360,620,012 Offer Shares, assuming the Outstanding Warrants being exercised in full on or before the Record Date, being the new Consolidated Shares proposed to be issued and allotted under the Open Offer
“Open Offer”	the proposed issue of the Offer Shares by the Company to the Qualifying Shareholders on the basis of four Offer Shares for every one Consolidated Share held on the Record Date at the Subscription Price of HK\$0.25 per Offer Share, which is subject to the terms and conditions stipulated in the Underwriting Agreement
“Outstanding Warrants ”	the outstanding of 9,961,969 warrants issued by the Company as at the date of this announcement
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is (are) outside Hong Kong
“Posting Date”	13 May 2011 or such other date as the Underwriter may agree in writing with the Company, as the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus for information only (as the case may be) to the Non-Qualifying Shareholders
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Open Offer

“Prospectus Documents”	the Prospectus and Application Forms
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	12 May 2011 (or such other date as the Underwriter may agree in writing with the Company), as the date by reference to which entitlements to the Open Offer are expected to be determined
“Registrar”	the branch share registrar of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited of Rooms 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Settlement Date”	Tuesday, 31 May, 2011, being the second Business Day after latest time for acceptance of and payment for the Offer Shares (or such other time or date as the Underwriter and the Company may agree in writing)
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company and to the extent applicable, shall include Consolidated Share(s) upon the Share Consolidation taking effect
“Share Consolidation”	the consolidation of every five Shares of HK\$0.05 each in the capital of the Company into one Consolidated Share
“Shareholder(s)”	the holder(s) of issued Shares, Consolidated Shares or Adjusted Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.25 per Offer Share pursuant to the Open Offer
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter”	Maxx Capital International Limited, a company wholly and beneficially owned by Ms. Lo, is the controlling shareholder of the Company holding an aggregate of 203,266,790 Shares, representing approximately 46.11% of the entire issued share capital of the Company as at the date of this announcement
“Underwriting Agreement”	the underwriting agreement dated 25 March 2011 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Open Offer

“Underwritten Shares”	a minimum of 190,037,008 Offer Shares and a maximum of 198,006,584 Offer Shares, representing the total number of Offer Shares to be issued pursuant to the Open Offer less those Offer Shares agreed and undertaken to be taken up by the Underwriter
“Whitewash Waiver”	a waiver to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Underwriter to make a mandatory offer for all the securities of the Company not already owned or agreed to be acquired by Underwriter which may otherwise arise as a result of the Underwriter taking up of the Underwritten Shares under the Open Offer
“%” or “per cent.”	percentage or per centum

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

Hong Kong, 25 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.

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 such statement contained in this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website for 7 days from the date of its publication and on the website of the Company at www.finet.hk.