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財華社
FINET

FINET GROUP LIMITED

財華社集團有限公司

(Continued in Bermuda with limited liability)

(Stock Code: 08317)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF THE ENTIRE EQUITY INTEREST
IN A SUBSIDIARY**

The Board is pleased to announce that on 3 June 2013, the Company together with FHL as the Vendor and the Purchaser entered into the Agreement in relation to the disposal of the entire equity interests in a wholly-owned subsidiary, FSL at a cash consideration of approximately HK\$10,376,000.

Since some of the applicable percentage ratios are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

The Board is pleased to announce that on 3 June 2013, the Vendor and the Purchaser entered into the Agreement in relation to the disposal of the entire equity interests in FSL, at a cash consideration of approximately HK\$10,376,000. The principal terms of the Agreement are summarised as follows:

THE AGREEMENT

Date: 3 June 2013

Parties:

1. The Company together with FHL as the Vendor
2. Ever City Industrial Development Limited, a company incorporated in Hong Kong, as Purchaser

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Purchaser is third party independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules).

Assets to be disposed of:

The Purchaser agreed to purchase and the Vendor agreed to sell the entire equity interests in FSL.

Consideration:

The consideration for the Disposal is approximately HK\$10,376,000 (the “Consideration”) to be paid by the Purchaser to the Company on Completion.

The Consideration shall be settled in the following manner:

- (a) upon signing of the Agreement, the Purchaser shall place a deposit of HK\$1,500,000 (the “Deposit”) with the Escrow Agent which shall be released to the Vendor upon Completion; and
- (b) the balance of the Consideration shall be paid by the Purchaser to the Vendor upon Completion.

The Consideration for the Disposal was agreed between the Vendor and the Purchaser after arm’s length negotiations with reference to, inter alia, the audited net assets of FSL of approximately HK\$8,876,000 as at 31 March 2013 as shown in the Accounts.

Pre-Completion Expenses

Upon signing of the Agreement, the Purchaser shall place HK\$1,000,000 into a designated bank account (“**Pre-Completion Expenses Account**”) of FSL to meet operational cost and expenses of FSL incurred for the period from date of the Agreement up to the Completion Date (“**Pre-Completion Expenses**”) and in order to fulfill, among others, regulatory requirements of FSL, such deposit may also be applied by the Vendor to increase the paid-up capital of FSL.

Completion

Completion of the Agreement will take place on the third Business Day after the satisfaction and/or waiver of the conditions precedent or at such other time as the parties of the Agreement may agree.

Conditions precedent

Completion of the Disposal is conditional upon the fulfilment of among other things, the following conditions:

- (a) the approval by the SFC of the Purchaser becoming a substantial shareholder (i.e. 100%) of FSL for the purpose of the SFO;
- (b) the passing of a resolution approving the execution of the Agreement by the shareholders of the Company at a general meeting or, where applicable, by the grant of a written shareholders’ approval from a shareholder or a closely allied group of shareholders holding, together, more than 50% in the nominal value of the shares of the Company having the right to attend and vote at the relevant general meeting (if a general meeting is to be convened) in lieu of holding a general meeting in accordance with the GEM Listing Rules;

- (c) all necessary consents of the Stock Exchange and all filings with any relevant governmental or regulatory authorities in Hong Kong which are required for the entering into and the completion of the Agreement having been given or made by FSL or the Vendor, if applicable;
- (d) the FSL Licences shall remain valid and subsisting and not having been revoked or suspended or varied and no indication having been issued by SFC to the effect that the FSL Licences may be revoked, suspended, modified or objected to and no other event have arisen which may adversely affect the FSL Licences before the Completion Date;
- (e) the signing of Escrow Agent arrangement;
- (f) the written appointment and acceptance of the existing responsible officers and settlement officer of FSL to retain existing positions up until 31 December 2013 on terms acceptable to the Purchaser;
- (g) the existing responsible officers of FSL shall remain as the responsible officers of FSL under the SFO upon Completion; and
- (h) the existing representatives of FSL shall remain as the representatives of FSL under the SFO upon Completion.

In the event that not all the conditions have been fulfilled or waived by the Purchaser by no later than 3:00 p.m. (Hong Kong time) on the Long Stop Date (or by such other later date(s) as the parties to the Agreement may agree in writing), then, the Agreement shall lapse and be of no further effect and no party shall have any claim, obligation or liability against the other party except that:

- (i) in the event that conditions other than Condition (a) above is not fulfilled or waived by the Purchaser by the Long Stop Date or the Completion does not take place due to the default of the Vendor, the Vendor shall bear the Pre-Completion Expenses alone. In such circumstances, the Vendor shall forthwith return the deposit for the Pre-Completion Expenses in full in the sum of HK\$1,000,000 to the Purchaser and procure the Escrow Agent to return the Deposit to the Purchaser. The Purchaser shall have no further claims against the Vendor upon receiving the Deposit and the return of deposit for the Pre-Completion Expenses in full;
- (ii) in the event that Condition (a) is not fulfilled by the Long Stop Date and the Purchaser shall take longer to satisfy the SFC that it is a competent person to be a substantial shareholder of FSL, the Purchaser may opt to extend the Long Stop Date and the date of Completion for a further four (4) months. In this event, the Purchaser undertakes to provide additional money into the Pre-Completion Expenses Account for the extended period for an amount not exceeding HK\$1,000,000. During the extended period, the terms of the Agreement shall be enforceable as if the original Long Stop Date and date of Completion have been extended; and
- (iii) in the event that Condition (a) is not fulfilled by the Long Stop Date and the Purchaser opts not to extend the Long Stop Date or the Completion does not take place due to the default of the Purchaser, the Vendor shall return the balance of the amount in the Pre-Completion Expenses Account forthwith to the Purchaser after the Vendor has been reimbursed from the Pre-Completion Expenses Account of such Pre-Completion Expenses

incurred for the period from the date of the Agreement to the date of notification of the Purchaser not opting for extension. The Vendor shall have no further claims against the Purchaser after receiving reimbursement of such Pre-Completion Expenses.

INFORMATION OF FSL

FSL is a wholly-owned subsidiary of the Company which is a licensed corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 2 (dealing in future contracts) regulated activities.

Set out below is a summary of certain audited financial information of FSL for the two years ended 31 March 2013:

	Year ended 31 March 2013 <i>HK\$'000</i>	Year ended 31 March 2012 <i>HK\$'000</i>
Turnover	567	1,547
Loss before taxation	3,049	3,108
Loss for the year	3,049	3,108
Net assets	8,876	11,925

INFORMATION OF THE GROUP

The Group is principally engaged in money lending, provision of financial information services and technology solutions to corporate and retail clients and on property investment.

FINANCIAL EFFECT ON THE DISPOSAL

Following the Disposal, FSL will cease to be the subsidiary of the Company and its result, assets and liabilities will cease to be consolidated into that of the Company.

It is estimated that the pre-tax gain on the disposal of the entire equity interest in FSL calculated in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institutes of Certified Public Accountants would be approximately HK\$2,800,000 being the difference between the Consideration and the estimated carrying value of the investment in FSL recorded in the Group's accounts at Completion.

It is the intention of the Group that the sale proceeds will be used as general working capital of the Group.

REASON FOR THE DISPOSAL

Since the competition in relation to the securities and futures business in Hong Kong is severely keen, the Group is aiming to focus more financial resources and management effort on the existing business in Hong Kong which currently generate more income to the Group. The Disposal offers a good opportunity for the Company to dispose of its interests in FSL so that it can reallocate the financial resources realised therefrom and will facilitate the Company to streamline its business and restructure its operations with focus on its business in money lending, provision of financial information services and technology solutions to corporate and retail clients and on property investment.

The terms of the Agreement were negotiated on an arm's length basis and were made on normal commercial terms. In view of the above, the Directors consider that the terms of the Agreement are fair and reasonable, and the entering into the Agreement is in the best interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATION

Since some of the applicable percentage ratios are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and in order to fulfill Condition (b) for completion of the Agreement, as set out in the section "Conditions precedent" above, the Company has obtained approval of the Disposal in writing by Maxx Capital International Limited, registered holder of 268,552,984 Shares or 60.92% of the issued share capital of the Company as of the date of the Agreement.

DEFINITIONS

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

"Accounts"	audited financial statements of FSL for the financial year ended 31 March 2013
"Agreement"	the conditional sales and purchase agreement dated 3 June 2013 entered into between the Vendor and the Purchaser in relation to the Disposal
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday or Sunday or public holiday) on which banks are open for ordinary face to face banking business in Hong Kong
"Company"	Finet Group Limited (stock code: 08317), a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on GEM
"Completion"	Completion of the Disposal in accordance with terms and conditions of the Agreement
"Completion Date"	the third Business Day after the satisfaction and/or waiver of the conditions of the Agreement or such other date as may be approved by the parties to the Agreement
"Consideration"	the consideration receivable by the Vendor from the Purchaser for the Disposal, being approximately HK\$10,376,000
"Deposit"	a deposit in the amount of HK\$1,500,000, being part of the Consideration payable by the Purchaser to the Escrow Agent pursuant to the Agreement
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of entire equity interest in FSL by the Vendor pursuant to the Agreement

“Escrow Agent”	the Purchaser’s solicitors, acting as an escrow agent in respect of the Deposit
“FHL”	Finet Holdings Limited, a company incorporated in Hong Kong, is a wholly-owned subsidiary of the Company and is the registered holder of one (1) issued share in FSL, holding in trust for the Company
“FSL”	Finet Securities Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 2 (dealing in future contracts) regulated activities
“FSL Licenses”	licenses granted to FSL under the SFO to carry out Type 1 (dealing in securities) and Type 2 (dealing in future contracts) regulated activities
“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
“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
“Long Stop Date”	four months from the date of execution of the Agreement or such later date as the parties to the Agreement may agree in writing
“Purchaser”	Ever City Industrial Development Limited
“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)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	the Company together with FHL
“%”	per cent.

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

Hong Kong, 4 June 2013

As at the date of this announcement, the executive Directors are Ms. Lo Yuk Yee, 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.

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