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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 and continued in Bermuda with limited liability)*

**(Stock Code: 08317)**

### **BREACH OF CHAPTER 17 AND 19 OF THE GEM LISTING RULES**

References are made to the announcement of Finet Group Limited (the “Company”) dated 21 May 2013 and 23 May 2013 (the “May Announcements”) in relation to the grant of loan facility to Mr. Chang Tin Duk Victor (“Victor Chang”) of HK\$16,500,000 for 1 month from 21 May 2013 to 20 June 2013 (“21 May Loan”). Terms used herein shall have the same meanings as those defined in the May Announcements unless the context otherwise requires.

Upon review of the records of Finet Finance Limited (“FFL”), an indirect wholly owned subsidiary of the Company, the Directors note that since 2013, FFL had made the following loans to Victor Chang:

#### **LOAN NO. 1**

Date of loan: 1 February 2013

Loan period: 1 February 2013 to 28 February 2013

Loan facility: HK\$16,000,000

Interest rate: 2.5% per month

Collateral: unsecured

Status: fully repaid on schedule

#### **LOAN NO. 2**

Date of loan: 15 March 2013

Loan period: 15 March 2013 to 5 April 2013

Loan facility: HK\$15,000,000

Interest rate: 3.0% per month

Collateral: unsecured

Status: fully repaid on schedule

### **LOAN NO. 3**

Date of loan: 8 April 2013  
Loan period: 8 April 2013 to 28 April 2013  
Loan facility: HK\$12,000,000  
Interest rate: 3.0% per month  
Collateral: unsecured  
Status: fully repaid on schedule

### **LOAN NO. 4**

Date of loan: 29 April 2013  
Loan period: 29 April 2013 to 13 May 2013  
Loan facility: HK\$10,000,000  
Interest rate: 4.0% per month  
Collateral: unsecured  
Status: fully repaid on schedule

### **LOAN NO. 5 (ALSO KNOWN AS THE 21 MAY LOAN)**

Date of loan: 21 May 2013  
Loan period: 21 May 2013 to 20 June 2013  
Loan facility: HK\$16,500,000  
Interest rate: 2.5% per month  
Collateral: unsecured  
Status: fully repaid on schedule

### **LOAN NO. 6**

Date of loan: 2 July 2013  
Loan period: 2 July 2013 to 1 August 2013  
Loan facility: HK\$20,000,000  
Interest rate: 2.5% per month  
Collateral: unsecured  
Status: extended to 4 August 2013 and fully repaid

### **LOAN NO. 7**

Date of loan: 30 October 2013  
Loan period: 30 October 2013 to 29 January 2014  
Loan facility: HK\$2,500,000  
Interest rate: 2.0% per month  
Collateral: unsecured  
Status: fully repaid on schedule

### **LOAN NO. 8**

Date of loan: 14 January 2014  
Loan period: 14 January 2014 to 15 April 2014  
Loan facility: HK\$5,000,000  
Interest rate: 10.0% per annum  
Collateral: unsecured  
Status: repayment date extended to 15 October 2014

Save for the above, the Group did not make any other loans to Victor Chang.

The aggregate interest received and receivable from Loan No. 1 to Loan No. 8, based on the terms at the time of their respective drawdown, amounted to approximately HK\$2,300,000.

As Loan No. 1 to Loan No. 8 were entered into within 12 months, Loan No. 1 to Loan No. 8 have to be aggregated pursuant to Rule 19.22 of the GEM Listing Rules in calculating the Profits ratio and the Revenue ratio whereas the Loan No. 7 to 8 have to be aggregated in calculating the Assets ratio and the Consideration ratio.

All of the above loans were funded by internal resources of the Group. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Victor Chang is an Independent Third Party and not connected with the Company and its subsidiaries. The above loans carry interest at interest rate ranging from 10.0% per annum to 4.0% per month and are determined with reference to the factors including, among others, (i) the usual practice of the Group comparing to the Group's other clients; and (ii) the rule under section 24 of the Money Lending Ordinance (Cap. 163 of the laws of Hong Kong) which stipulates that the maximum effective rate of interest must not exceed 60% per annum.

The Group is principally engaged in provision of financial information service (including media business), securities and futures business, money lending and property investment. The Directors are of the view that the granting of the above loans to Victor Chang is in the Group's ordinary course of business, and on normal commercial terms within the meaning of the GEM Listing Rules. The Directors consider that the terms of the loans to Victor Chang are fair and reasonable and that the loans to Victor Chang are in the interests of the Company and the Shareholders as a whole.

As the applicable percentage ratios set out in Rule 19.06 of the GEM Listing Rules with respect to Loan No. 1, 2, 3, 4, 5, 6, 7 and 8 exceed 5% but are not more than 25%, the grant of the Loan No. 1, 2, 3, 4, 5, 6, 7 and 8 constitute discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules. In addition, for Loan No. 1, 2, 5 and 6 as the aggregate financial assistance of the respective loans, granted to the borrower exceeded 8% under the assets ratio as defined under Rule 19.07(1) of the GEM Listing Rules, such Loan No. 1, 2, 5 and 6 are also subject to the general disclosure obligation under Rule 17.15 of the GEM Listing Rules.

The Company has made the May Announcements in respect of Loan No. 5. In respect of Loan No. 1, 2, 3, 4, 6, 7 and 8, the Company did not make the necessary announcement in a timely manner. As such, the Company breached its disclosure obligation under Chapter 17 and 19 of the GEM Listing Rules.

The main reason for the breach is deficiency in communication within FFL. During the months of February to May 2013, some of the staff who were responsible for the administration of loans in FFL left or had tendered resignation. In respect of Loan No. 1 to 4, the management's attention was not drawn to the relevant disclosure obligations and hence, no announcements were made.

When Loan No.5 was made on 21 May 2013, the Company did make the necessary disclosure in accordance with the relevant GEM Listing Rules.

In respect of Loan No. 6, it so happened that on or about the same date of 2 July 2013, the Company granted facilities to one Wong Cho Fai, Nicholas and the necessary announcement was made the next day on 3 July 2013. Purely out of oversight, the Company did not make the necessary announcement for Loan No. 6. In relation to Loan No. 7 and 8, the Company initially did not aggregate the revenue and profits arising from Loans No. 1 to 6 in calculating the size test on Loan No. 7 and 8. Upon reviewing Loan No. 7 and 8, the Company considered that the revenue and profits arising from Loans No. 1 to 6 should be aggregated in calculating the size test on the said loans. As such, Loan No. 7 and 8 constitute discloseable transaction under the revised calculation of the percentage ratio.

The Directors consider that the failure to comply with Chapter 17 and 19 of the GEM Listing Rules was inadvertent, and the Company takes the incidence seriously and has taken the following remedial measures:

1. The Company has engaged ONC Lawyers to conduct a thorough review of and to make recommendations on how to improve the Company's internal control and compliance system to ensure the Company's compliance with GEM Listing Rules and other obligations, regulatory and otherwise and if deemed necessary by the Company and ONC Lawyers, other professionals such as independent firm of accountants will also be engaged;
2. ONC Lawyers is also engaged on annual retainer basis so that on compliance issues the Company will be in a position to seek speedy legal advice especially on complex issues and the Company has laid down a policy that all future announcements will be issued upon consultation with ONC Lawyers or other legal advisors and that the consultation with ONC Lawyers or other legal advisor must be obtained before determination of whether a transaction fall within Chapter 17 and 19 of the GEM Listing Rules; and
3. All the board members and the staff responsible for compliance will attend training sessions organized by the Hong Kong Institute of Directors or other similar institutes on compliance and corporate governance matters.

Save for the above, the Directors confirm that there has been no other incidence of notifiable transactions that the Company has failed to disclose in 2013 and 2014.

By Order of the Board

**Lo Yuk Yee**

*Chairman and Executive Director*

Hong Kong, 4 July 2014

*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 collectively and individually accept full responsibility, includes particulars given in compliance with the Rules governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, 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.*

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