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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)

CONNECTED TRANSACTION PROPOSED SUBSCRIPTION OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

SUBSCRIPTION OF CONVERTIBLE BONDS

On 8 September 2015 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds with an aggregate principal amount of HK\$69,696,000 in four separate batches of HK\$17,424,000 each.

Upon full conversion of the Convertible Bonds at the initial Conversion Price, the Convertible Bonds will be convertible into 176,000,000 Shares, representing approximately 39.93% of the existing issued share capital of the Company and approximately 28.53% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds.

The Conversion Shares which fall to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds will be allotted and issued under the Specific Mandate to be approved by the Independent Shareholders at the SGM.

GEM LISTING RULE IMPLICATIONS

As at the date of this announcement, Ms. Lo Yuk Yee, the chairman and an executive Director of the Company, indirectly holds 100% of the Subscriber and is a controlling Shareholder of the Company, holding 278,439,784 Shares, representing approximately 63.16% of the total issued share capital of the Company. Accordingly, the Subscriber and Ms. Lo Yuk Yee are connected persons of the Company under the GEM Listing Rules. Therefore, the Subscription constitutes a non-exempt connected transaction of the Company subject to reporting, announcement, and the Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules by way of poll at the SGM. The Subscriber, Ms. Lo Yuk Yee and their respective associates shall abstain from voting at the SGM to be convened to consider and, if thought fit, to approve the Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate. To the best of the Directors' information, belief and knowledge, save for the Subscriber, Ms. Lo Yuk Yee and their respective associates, no other parties have any material interest which is different from other Shareholders in relation to the Subscription and the grant of the Specific Mandate.

GENERAL

An Independent Board Committee will be established to make recommendation to the Independent Shareholders regarding the Subscription Agreement and the transactions contemplated thereunder. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder.

The SGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve the Subscription Agreement and the transactions contemplated thereunder.

A circular containing, amongst other things, (i) further details of the Subscription, (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Subscription, (iii) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription and (iv) notice of the SGM, is expected to be despatched as soon as practicable in accordance with the GEM Listing Rules.

WARNING NOTICE

Shareholders and potential investors should note that completion of the Subscription is subject to fulfillment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

I. ISSUE OF CONVERTIBLE BONDS

Subscription Agreement

On 8 September 2015 (after trading hours), the Company entered into a conditional Subscription Agreement with the Subscriber, a substantial shareholder of the Company, of which is indirectly controlled by Ms. Lo Yuk Yee, who is a controlling Shareholder of the Company and is the chairman and an executive director of the Company, pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Bonds in the aggregate principal amount of HK\$69,696,000 in four separate batches of HK\$17,424,000 each.

Date : 8 September 2015 (after trading hours)

Parties : Issuer : The Company

Subscriber : Maxx Capital International Limited

The Convertible Bonds carry the right to convert into Conversion Shares at the Conversion Price of HK\$0.396 per Conversion Share (subject to reset and adjustments mechanisms). Assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the Conversion Price of HK\$0.396 per Conversion Share, 176,000,000 Conversion Shares will fall to be issued to the Bondholders, representing approximately 39.93% of the issued capital of the Company as at the date of this announcement and approximately 28.53% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

Conditions precedent

The Subscription Agreement is conditional upon:

1. No takeover implications nor obligations having been triggered under Takeovers Codes;
2. No breach of public float requirements under the GEM Listing Rules;
3. The passing of resolution(s) by the Independent Shareholders to approve the Subscription Agreement and the transactions contemplated thereunder, including, among other things, the allotment and issue of the Conversion Shares concerning the Subscription Agreement under the Specific Mandate at the SGM;
4. The Listing Committee of the Stock Exchange shall have approved the issue of the Convertible Bonds either unconditionally or subject to conditions to which neither the Company nor the Subscriber shall object without reasonable grounds and the satisfaction of such conditions;
5. The Listing Committee of the Stock Exchange shall have granted (either unconditionally or subject to conditions to which neither the Company nor the Subscriber shall object without reasonable grounds) the listing of, and permission to deal in, the Conversion Shares which fall to be allotted and issued upon the conversion of the Convertible Bonds;

6. No material adverse change in the business or in the financial or trading position of the Group;
7. The relevant monetary authority approving the issue of the Conversion Shares (if required);
8. Any other approval as may be required for the Subscription;
9. All necessary approvals, consents or waivers required by the Subscriber for the consummation of the transactions contemplated under the Subscription Agreement having been obtained; and
10. All representations, warranties and undertakings given by the Company under the Subscription Agreement remaining true and correct at all times as from the signing of the Subscription Agreement up to Completion, as if they were made on and as of Completion.

If the conditions above are not fulfilled on or before Long Stop Date, the obligations of the Company and the Subscriber under the Subscription Agreement shall forthwith cease and terminate and neither the Company nor the Subscriber shall have any claim against the other party.

Manner of the Subscription

Pursuant to the Subscription Agreement, subject to the fulfillment of the conditions set out in subsection “Conditions Precedent”, the Company shall on Completion create and issue the Convertible Bonds in an aggregate principal amount of HK\$69,696,000 in four separate batches in the following manners:

1. the Convertible Bonds in the principal amount of HK\$17,424,000 shall be issued by the Company to the Subscriber upon Completion — First Batch, being within three (3) months from the day on which all the conditions precedent to the Subscription Agreement are satisfied and fulfilled (or such other date as may be agreed by the Parties in writing) (the “**First Batch CB**”);
2. the Convertible Bonds in the principal amount of HK\$17,424,000 shall be issued by the Company to the Subscriber upon Completion — Second Batch, being within four (4) months from the allotment and issue of the First Batch CB (or such other date as may be agreed by the Parties in writing) (the “**Second Batch CB**”);
3. the Convertible Bonds in the principal amount of HK\$17,424,000 shall be issued by the Company to the Subscriber upon Completion — Third Batch, being within four (4) months from the allotment and issue of the Second Batch CB (or such other date as may be agreed by the Parties in writing) (the “**Third Batch CB**”); and
4. the Convertible Bonds in the principal amount of HK\$17,424,000 shall be issued by the Company to the Subscriber upon Completion — Fourth Batch, being within four (4) months from the allotment and issue of the Third Batch CB (or such other date as may be agreed by the Parties in writing) (the “**Fourth Batch CB**”).

Completion

Subject to the fulfillment of the conditions set out in subsection “Conditions Precedent”, completion of the four batches of Convertible Bonds shall take place at or before 5:00 p.m. (Hong Kong time) on Completion Date — First Batch, Completion Date — Second Batch, Completion Date — Third Batch, and Completion Date — Fourth Batch respectively at the office of the Company.

Termination

If at any time prior to 9:00 a.m. (Hong Kong time) on any of the Completion Date, there develops, occurs or comes into force:

1. The introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) which may in the fair and reasonable opinion of the Subscriber materially and adversely affect the business or financial condition or prospects of the Group as a whole; or
2. Any local, regional, national or international event or change (whether or not permanent or forming part of a series of events or changes occurring or continuing, on and/or after the date hereof) of a political, military, economic or other nature (whether or not ejusdem generis with the foregoing) which, in the fair and reasonable opinion of the Subscriber will, or may be expected to, have a material adverse effect on the Subscription; or
3. Any significant change (whether or not permanent) in local, regional, national or international market conditions (or in conditions affecting a sector of the market) which in the fair and reasonable opinion of the Subscriber has or may have a material adverse effect on the Subscription; or
4. Any breach of any of the Warranties which in the fair and reasonable opinion of the Subscriber is material in the context of the Subscription, comes to the knowledge of the Subscriber or there has been a breach by the Company of any other provision of the Subscription Agreement which in the fair and reasonable opinion of the Subscriber is material in the context of the Subscription; or
5. There is any material adverse change in the business or in the financial or trading position of the Group taken as a whole which the Subscriber is unaware of and which in the fair and reasonable opinion of the Subscriber is material in the context of the Subscription;

then and in any such case, the Subscriber may, in its fair and reasonable opinion (and after consultation with the Company) terminate the Subscription Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time prior to the relevant Completion Date.

In the event that the Subscription Agreement is terminated, all obligations of each of the parties thereunder shall cease and determine and none of the Company and the Subscriber shall have any claim against any other in respect of any matter arising out of or in connection with the Subscription Agreement, save for any antecedent breaches thereof.

Principal Terms of the Convertible Bonds

The principal terms of the Convertible Bonds are arrived at after arm's length negotiations between the Company and the Subscriber and are summarised as follows:

- Aggregate Principal Amount** : the principal amount of HK\$69,696,000
- Maturity Date** : 2nd anniversary of the date of issue of the Convertible Bonds (or if that is not a Business Day, the first Business Day thereafter) (the “**Maturity Date**”)
- Interest** : 3% per annum, payable on annual basis
- Conversion Price** : the Conversion Price is HK\$0.396 per Conversion Share, subject to reset and adjustments mechanisms as set out and in accordance with the terms and conditions in the relevant instrument concerning the Convertible Bonds.
- Conversion Period** : The period commencing from the date of issue of Convertible Bonds and ending on the day which falls on the 2nd anniversary of the date of issue of Convertible Bonds. (the “**Conversion Period**”)
- Issue Price** : 100% of the principal amount of the Convertible Bonds
- Reset and Adjustment Mechanisms** : 1. Conversion Price is subject to the reset on the Price Reset Date whereby the Conversion Price will be adjusted to the lower of the:
- (i) Conversion Price at the Price Reset Date, for which the Price Reset Date means the date falling on 6 months from the date of issue of the Convertible Bonds and thereafter on the last day of each successive half-yearly period up to the Maturity Date; and
 - (ii) the average closing price per Share as quoted on the Stock Exchange for the last thirty (30) trading days immediately prior to and including the Price Reset Date, provided that the Conversion Price after such reset shall not be lower than the minimum reset price, HK\$0.2, which is 50.5% of the initial Conversion Price subject to adjustments as set out in subparagraphs (2) to (9) below;
2. Consolidation or sub-division of Shares;
 3. Capitalisation of profits;
 4. Capital distribution;

5. Issue of Shares by way of rights, options and warrants at a price which is less than 80% of the market price at the date of the announcement of the terms of the offer or grant;
6. Issue of any securities if and whenever the Company shall issue wholly for cash which are convertible into, exchangeable for or carry rights of subscription for Shares at an effective price which is less than 80% of the market price at the date of the announcement of the terms of issue of such securities;
7. Modification of rights of conversion or exchange or subscription attaching to any such securities so that the effective price will be less than 80% of the market price at the date of the announcement of the proposal to modify such rights of conversion or exchange or subscription;
8. Issue of Shares wholly for cash at more than 20% discount to the market price of such Shares; and
9. Issue of Shares for acquisition of asset at more than 20% discount to the market price of such Shares.

Conversion Shares : 1. Based on the initial Conversion Price of HK\$0.396, a maximum number of 176,000,000 Conversion Shares will be allotted and issued upon exercise in full of the conversion rights attaching to Convertible Bonds.

2. The Conversion Shares upon exercise of the conversion rights attaching to Convertible Bonds shall be allotted and issued under the Specific Mandate to be granted to the Directors by the Independent Shareholders at the SGM.

Conversion Right(s) : 1. Each holder of Convertible Bonds shall have the right, exercisable during the Conversion Period to convert the whole or any part (in multiples of HK\$5,000,000 unless the amount remaining on exercise of the Convertible Bonds or in consequence of any adjustment shall be less than HK\$5,000,000) of the outstanding principal amount of Convertible Bonds held by such Bondholder(s) into such number of Conversion Shares as will be determined by dividing the principal amount of Convertible Bonds to be converted by the Conversion Price in effect on the date of conversion.

2. No fraction of a Share shall be issued on conversion of the Convertible Bonds and no cash adjustments will be made.
- Conversion Restriction(s)** : 1. Any conversion of Convertible Bonds shall be made in amounts of not less than a whole multiple of HK\$5,000,000 on each conversion save that if at any time the aggregate outstanding principal amount of such Convertible Bonds is less than HK\$5,000,000, the whole (but not part only) of the outstanding principal amount of such Convertible Bonds may be converted.
2. Upon exercise of the conversion rights, the Bondholders and their respective associates, together with parties acting in concert (as defined in the Takeovers Code) with them, will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code.
 3. Upon exercise of the conversion right, the public float of the Company will not be unable to meet the relevant requirements under the GEM Listing Rules.
- Early Redemption** : Subject to the consent by the Bondholder(s), the Company may, by giving not less than 30 Business Days notice to the Bondholder(s), to redeem all or part of the outstanding Convertible Bonds at an amount equal to 100% of the principal amount of the said outstanding Convertible Bonds at any time from the date of issue of Convertible Bonds together with interest accrued to the date fixed for redemption.
- Redemption on Maturity Date** : The principal amount of the Convertible Bonds which remains outstanding on the Maturity Date shall be redeemed by the Company together with interest accrued thereon.
- Ranking** : Conversion Shares to be allotted and issued upon exercise of the conversion rights attaching to Convertible Bonds shall rank pari passu in all respects among themselves and with all other existing Shares outstanding at the date of conversion and all Conversion Shares shall include rights to participate in all dividends and other distributions.

- Transferability** : Any transfer of Convertible Bonds shall be in respect of the whole or any part (in multiples of HK\$5,000,000 unless the amount remaining on exercise of the Convertible Bonds or in consequence of any adjustment shall be less than HK\$5,000,000) of the principal amount of Convertible Bonds.
- Application for listing** : No application will be made by the Company to the Stock Exchange for listing of Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.
- Notice of Conversion by Other Bondholders** : The Company may, upon request by the Bondholder(s) in writing, notify the Bondholder(s) about the conversion of the convertible bonds of the Company by other Bondholders within 7 Business Days from the date of receipt of the relevant conversion notice.

Conversion Price:

The Conversion Price of HK\$0.396 per Conversion Share, representing:

- (1) a discount of approximately 34.00% to the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a discount of approximately 24.14% to the average closing price of approximately HK\$0.522 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the Last Trading Day; and
- (3) a discount of approximately 23.85% to the average closing price of approximately HK\$0.520 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to the Last Trading Day.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market prices of the Shares as shown above. The Directors (other than the independent non-executive Directors who will form an opinion after taken the recommendation from the Independent Financial Advisor) consider the Conversion Price and the terms and conditions of the Subscription Agreement are fair and reasonable based on the current market conditions and in the interests of the Company and Shareholders as a whole.

2. EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 440,818,880 Shares in issue. The shareholding interests of the Company as at (i) the date of this announcement; (ii) immediately upon full exercise of the conversion rights attaching to the Convertible Bonds at the initial Conversion Price of HK\$0.396 per Share; and (iii) immediately upon full exercise of the conversion rights attaching to the Conversion Bonds at the minimum reset price of HK\$0.2 per Share are as follows:

Substantial Shareholder	(i) As at the date of the announcement		(ii) Immediately upon full exercise of the conversion rights attaching to the Convertible Bonds at the Conversion Price of HK0.396 per Share		(iii) Immediately upon full exercise of the conversion rights attaching to the Convertible Bonds at the minimum reset price of HK0.2 per Share	
	No. of Shares	% of the entire issued share capital	No. of Shares	% of the entire issued share capital	No. of Shares	% of the entire issued share capital
Maxx Capital International Limited	278,439,784	63.16%	454,439,784	73.67%	626,919,784	79.43%
Other public shareholder	<u>162,379,096</u>	<u>36.84%</u>	<u>162,379,096</u>	<u>26.33%</u>	<u>162,379,096</u>	<u>20.57%</u>
Total	<u>440,818,880</u>	<u>100.00%</u>	<u>616,818,880</u>	<u>100.00%</u>	<u>789,298,880</u>	<u>100.00%</u>

Note:

- (1) 278,439,784 ordinary shares of HK\$0.01 each were held by Maxx Capital International Limited, which was wholly-owned by Pablos International Limited and Pablos International Limited was wholly owned by Ms. LO. Accordingly, Pablos International Limited and Ms. LO were deemed by virtue of the Securities and Futures Ordinance to be interested in 278,439,784 ordinary shares of HK\$0.01 each held by Maxx Capital International Limited. Ms. LO is a director of each of Maxx Capital International Limited and Pablos International Limited.
- (2) This scenario (scenario(iii)) is for illustrative purpose only and will never occur. Pursuant to the terms and conditions under the relevant bond instrument, upon exercise of the conversion right, the public float of the Company will not be unable to meet the public float requirement under the GEM Listing Rules.

3. MANDATE TO ISSUE THE CONVERSION SHARES

The Subscription Agreement and the transactions contemplated thereunder, including among other things, the allotment and issue of the Conversion Shares under the Specific Mandate, are subject to the approval of the Independent Shareholders at the SGM.

Application will be made by the Company to the Stock Exchange for the grant of listing of and permission to deal in the Conversion Shares.

4. REASONS FOR THE SUBSCRIPTION

The Company is listed on the GEM of the Stock Exchange. The principal activities of the Company are development, production and provision of financial information services and technology solutions, media and investors' relationship business, securities and futures business and money lending.

The Company set the Conversion Price by a discount of 10% to the average mid-price of the Shares of the Company between August 2014 and March 2015. Mid-price is calculated as the average of the highest and lowest price of the month. The average mid-price of the Shares of the Company between August 2014 and March 2015 is approximately HK\$0.437. After 10% discount the Conversion Price is set as HK\$0.396. The Company did not consider and discard the Share price from April to July 2015 as the Company considered the Share price is unreasonably and exceptionally high during that period.

The reset mechanisms serve as protection for the Bondholders in exchange for a lower interest rate than the Group's bank loans which is in the range of 3.7% to 3.8% per annum according to 2014/2015 annual report of the Company.

The Company has taken into account the current market condition, financial position, market position of the Company and the market sentiment of the industry that the Company is involved in, as the bases of determining the 3% interest rate.

According to the 2014/2015 annual report of the Company, the Company recorded net loss of HK\$39,420,000 and net negative cash flow of HK\$25,936,000 in the financial year ended 31 March 2015. Due to the unsatisfactory performance of the Company, it is difficult for the Company to locate Subscriber within a short period of time hence the Company has not considered other parties than the Subscriber as the Subscriber has confidence in the future business of the Company and is considered a suitable party for the Subscription.

Having considered the current market condition, financial position of the Company and the amount of funding required to finance the growth and development of the Company, the Board holds the view that they have already strived for the best terms for the Company.

In addition, the Board holds the view that the benefit from the growth of the Company funded by the proceeds raised from the Subscription outweighs the potential dilution impact and is in the best interest of the Shareholders of the Company.

The Board considers that the terms and conditions of the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

5. USE OF PROCEED

The Board considers that the Subscription represents a good opportunity to raise additional funds as an aggregate of HK\$69,696,000 for the Group.

The proceeds raised from the Subscription will be applied as follows for the period from October 2015 to September 2017:

- i) Invest in and develop of Internet finance platform in China:
 - (a) to develop mobile and Internet applications; and
 - (b) to enhance and maintain the database of financial data, news, videos and the content management system;

- ii) Invest in and develop of the big data platform:
 - (a) to develop hardware and software for the big data platform in private clouds; and
 - (b) to maintain the said big data platform;
- iii) Expand China operations in Beijing and Shenzhen:
 - (a) to renovate and expand Beijing office; and
 - (b) to increase in the number of staff;
- iv) Expand marketing force for promotion of mobile Internet platform in PRC:
 - (a) to promote the said mobile applications;
- v) Strengthen general working capital.

6. FUND RAISING ACTIVITY DURING THE PAST 12 MONTHS FROM THE DATE OF THIS ANNOUNCEMENT

The Company did not conduct any other fundraising on issue of equity securities in the last 12 months immediately preceding the date of this announcement.

7. INFORMATION ON THE COMPANY

The principal activities of the Company are development, production and provision of financial information services and technology solutions, media and investors' relationship business, securities and futures business and money lending.

8. INFORMATION ON THE SUBSCRIBER

The Subscriber is an investment holding company incorporated in the British Virgin Islands. The Subscriber is indirectly wholly-owned by Ms. Lo Yuk Yee, a controlling Shareholder of the Company, holding 278,439,784 Shares, representing approximately 63.16% of the total issued share of the Company. Further, Ms. Lo Yuk Yee is the chairman and executive Director of the Company. Therefore, the Subscriber, Ms. Lo Yuk Yee and their respective associates shall abstain from voting at the SGM.

9. GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, Ms. Lo Yuk Yee indirectly holds 100% shareholding of the Subscriber and is a controlling Shareholder of the Company, holding 278,439,784 Shares, representing approximately 63.16% of the total issued share capital of the Company. Further, Ms. Lo Yuk Yee is the chairman and an executive Director of the Company. Accordingly, the Subscriber and Ms. Lo Yuk Yee are connected persons of the Company under the GEM Listing Rules. Therefore, the Subscription constitutes a nonexempt connected transaction of the Company subject to reporting, announcement, and the Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules by way of poll at the SGM.

The Subscriber, Ms. Lo Yuk Yee and their respective associates shall abstain from voting at the SGM to be convened to consider and, if thought fit, to approve the Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate.

Ms. Lo Yuk Yee has also abstained from voting on the resolutions passed by the Board to approve the Subscription Agreement, and the transactions contemplated thereunder. To the best of the Directors' information, belief and knowledge, save for the Subscriber, Ms. Lo Yuk Yee and their respective associates, no other parties have any material interest which is different from other Shareholders in relation to the Subscription and the grant of the Specific Mandate.

An Independent Board Committee has been established to make recommendation to the Independent Shareholders regarding the Subscription and the transactions contemplated thereunder. Gram Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the transactions contemplated thereunder.

To the best of the Directors' information, belief and knowledge, save for the Subscriber, Ms. Lo Yuk Yee and their respective associates, no other parties have any material interest which is different from other Shareholders in relation to the Subscription and the grant of the Specific Mandate.

10. GENERAL

An Independent Board Committee will be established to make recommendation to the Independent Shareholders regarding the Subscription Agreement and the transactions contemplated thereunder. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder.

The SGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve the Subscription Agreement and the transactions contemplated thereunder.

A circular containing, amongst other things, (i) further details of the Subscription, (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Subscription, (iii) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription and (iv) notice of the SGM, is expected to be despatched as soon as practicable in accordance with the GEM Listing Rules.

WARNING NOTICE

Shareholders and potential investors should note that completion of the Subscription is subject to fulfillment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	the holder(s) of the Convertible Bonds
“Business Day”	any day (not being a Saturday, a Sunday and a public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Finet Group Limited (Stock Code: 8317), a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on the GEM of the Stock Exchange.
“Completion”	collectively Completion — First Batch, Completion — Second Batch, Completion — Third Batch and Completion — Fourth Batch
“Completion — First Batch”	completion of the subscription of the First Batch CB
“Completion — Second Batch”	completion of the subscription of the Second Batch CB
“Completion — Third Batch”	completion of the subscription of the Third Batch CB
“Completion — Fourth Batch”	completion of the subscription of the Fourth Batch CB
“Completion Date”	collectively Completion Date — First Batch, Completion Date — Second Batch, Completion Date — Third Batch and Completion Date — Fourth Batch
“Completion Date — First Batch”	within three (3) months from the day on which all the conditions precedent to the Subscription Agreement are satisfied and fulfilled or such other date as the Company and the Subscriber may agree in writing
“Completion Date — Second Batch”	within four (4) months from Completion Date — First Batch or such other date as the Company and the Subscriber may agree in writing
“Completion Date — Third Batch”	within four (4) months from Completion Date — Second Batch or such other date as the Company and the Subscriber may agree in writing
“Completion Date — Fourth Batch”	within four (4) months from Completion Date — Third Batch or such other date as the Company and the Subscriber may agree in writing

“Conversion Price”	HK\$0.396 per Conversion Share (subject to reset and adjustments mechanisms)
“Conversion Share(s)”	Up to 176,000,000 new Share(s) to be allotted and issued by the Company to the Bondholders upon the exercise of the conversion rights attaching to the Convertible Bonds at the Conversion Price
“Convertible Bonds”	The 3% interest bearing convertible bonds in an aggregated principal amount of HK\$69,696,000 to be issued in four separate batches of HK\$17,424,000 each by the Company under the Specific Mandate to the Subscriber pursuant to the Subscription Agreement
“Director(s)”	the director(s) of the Company
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“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, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the Subscription and the transactions contemplated under the Subscription Agreement
“Independent Financial Advisor”	an independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Subscription
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined under the GEM Listing Rules)
“Independent Shareholders”	shareholders other than Subscriber, Ms. Lo Yuk Yee and their associates and other Shareholders who are interested or involved in the Subscription of Convertible Bonds, and are required to abstain from voting on the resolutions to approve, among other things, the Subscription at SGM
“Last Trading Day”	8 September 2015, being the day of the Subscription Agreement
“Long Stop Date”	30 October 2015, or such later date as the Company and the Subscriber may mutually agree in writing
“Ms. LO”	Ms. Lo Yuk Yee, indirectly holds 100% shareholding of the Subscriber and is a controlling Shareholder of the Company, holding 278,439,784 Shares, representing approximately 63.16% of the total issued share capital of the Company. Further, Ms. Lo Yuk Yee is the chairman and an executive Director of the Company. Accordingly, the Subscriber and Ms. Lo Yuk Yee are connected persons of the Company under the GEM Listing Rules

“Price Reset Date”	means the date falling on 6 months from the date of issue of the Convertible Bonds and thereafter on the last day of each successive half-yearly period up to the Maturity Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SGM”	the special general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if though fit, approve the Subscription Agreement and the transactions contemplated thereunder including among other things, the allotment and issue of the Conversion Shares under the Specific Mandate
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares of the Company
“Specific Mandate”	the specific mandate to be granted to the Directors by the Independent Shareholders at the SGM for the allotment and issue of up to a maximum of 176,000,000 Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Maxx Capital International Limited, a company incorporated in the British Virgin Islands and a substantial Shareholder of the Company, which is ultimately controlled by Ms. Lo Yuk Yee, the chairman and an executive Director of the Company
“Subscription”	the subscription of the Convertible Bonds by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 8 September 2015 and entered into between the Company and the Subscriber in respect of the Subscription
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission
“HK\$” and “cents”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“%”	per cent

If there is any inconsistency in this announcement between the Chinese and English versions and the English version shall prevail.

By Order of the Board
Lo Yuk Yee
Chairman and Executive Director

Hong Kong, 8 September 2015

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.

* *For identification purpose only*