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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: 8317)

DISCLOSEABLE TRANSACTIONS

THE SUBSCRIPTIONS AND THE DISPOSAL OF LISTED SECURITIES

On 20 July 2016, the Group, through its directly wholly-owned subsidiary, subscribed a total of 8,000,000 Prosper Construction Shares through placing, which represented approximately 1.0% of the total issued share capital of Prosper Construction, for an aggregate consideration of HK\$8,000,000 (excluding the transaction costs), at HK\$1 per Prosper Construction Share.

For the period from 20 July 2016 to 25 July 2016, the Group, through its directly wholly-owned subsidiary, disposed all of the 8,000,000 Prosper Construction Shares at an aggregate consideration of approximately HK\$8,299,000 (excluding the transaction costs), which represented approximately HK\$1.04 per Prosper Construction Share.

On 20 March 2017, the Group, through its directly wholly-owned subsidiary, subscribed a total of 20,000,000 Daisho Shares through placing, which represented approximately 3.47% of the total issued share capital of Daisho after its placing was completed, for an aggregate consideration of HK\$10,000,000 (excluding the transaction costs), at HK\$0.5 per Daisho Share.

As the applicable percentage ratios in respect of the transactions contemplated under the Subscriptions and the Disposal A separately exceed 5% but are less than 25% and therefore constitute discloseable transactions under Chapter 19 of the GEM Listing Rules, the Subscriptions and the Disposal A are subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

Due to the misunderstanding of which the Subscriptions and the Disposal A were conducted in the ordinary and usual course of business of the Group under the GEM Listing Rules, the Subscriptions and the Disposal A were not treated as discloseable transactions under the GEM Listing Rules and thereby led to failure to notify the Stock Exchange and make proper announcement(s) in relation to the Subscriptions and the Disposal A as required under Chapter 19 of the GEM Listing Rules, which constitutes non-compliance with Rule 19.34 of the GEM Listing Rules.

In order to fulfil the Company's disclosure obligation under the GEM Listing Rules and prevent the reoccurrence of similar incidents in the future, the Board has recommended the Company to implement reporting and monitoring procedures for any securities dealing which may constitute notifiable transactions, connected transactions and/or other transactions required to be disclosed under the GEM Listing Rules. The Board has suggested all members of the transaction team to report to the finance department upon execution of such transactions by the Company. The finance department will then notify the Board and arrange proper and timely disclosure as required under the GEM Listing Rules.

THE SUBSCRIPTION A

On 20 July 2016, the Group, through its directly wholly-owned subsidiary, subscribed a total of 8,000,000 Prosper Construction Shares through placing, which represented approximately 1.0% of the total issued share capital of Prosper Construction, for an aggregate consideration of HK\$8,000,000 (excluding the transaction costs), at HK\$1 per Prosper Construction Share.

As the interest of the Group in Prosper Construction was approximately 1.0%, Prosper Construction would not become the subsidiary or associate of the Company and the financial result of the Prosper Construction would not be consolidated into the financial result of the Group.

Prosper Construction, to the best of the Directors' knowledge, is an Independent Third Party of the Company.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION A

The Subscription A was made for pure investment purpose and the Board is of the view that the Subscription A was fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

THE DISPOSAL A

For the period from 20 July 2016 to 25 July 2016, the Group, through its directly wholly-owned subsidiary, disposed all of the 8,000,000 Prosper Construction Shares at an aggregate consideration of approximately HK\$8,299,000 (excluding the transaction costs), which represented approximately HK\$1.04 per Prosper Construction Share.

The Group disposed all of the 8,000,000 Prosper Construction Shares in the public market during the financial year ended 31 March 2017. On 20 July 2016, the Group disposed of 996,000 Prosper Construction Shares for a consideration of approximately HK\$1,127,000 (excluding transaction costs), at approximately HK\$1.13 per Prosper Construction Share. On 21 July 2016, the Group disposed of 1,340,000 Prosper Construction Shares for a consideration of approximately HK\$1,450,000 (excluding transaction costs), at approximately HK\$1.08 per Prosper Construction Share. On 22 July 2016, the Group disposed of 964,000 Prosper Construction Shares for a consideration of approximately HK\$996,000 (excluding transaction costs), at approximately HK\$1.03 per Prosper Construction Share. On 25 July 2016, the Group disposed of 4,700,000 Prosper Construction Shares for a consideration of approximately HK\$4,726,000 (excluding transaction costs), at approximately HK\$1.01 per Prosper Construction Share.

REASONS FOR AND BENEFITS OF THE DISPOSAL A

The purpose of the Disposal A is to realize the gain from the Subscription A. As a result of the Disposal A, the Group recognized a gain of approximately HK\$299,000 which is calculated based on the difference between the acquisition price and the disposal price (excluding the transaction costs). The Group intends to use the proceeds from the Disposal A as general working capital.

The Disposal A was made at market price and the Board is of the view that the Disposal A, was fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

INFORMATION ON PROSPER CONSTRUCTION

Prosper Construction is a limited company incorporated in the Cayman Islands with limited liability and the shares of which are listed and traded on the main board of the Stock Exchange (stock code: 6816). Prosper Construction is principally engaged in the provision of marine construction services and leasing and trading of vessels.

The following information is extracted from the annual report of Prosper Construction:

	For the year ended 31 December 2015 <i>HK\$'000</i>	For the year ended 31 December 2016 <i>HK\$'000</i>
Revenue	572,928	658,860
Net Profit before taxation	110,828	82,085
Net profit after taxation	95,998	69,449
Total assets	375,312	698,951
Net asset value	171,834	464,123

THE SUBSCRIPTION B

On 20 March 2017, the Group, through its directly wholly-owned subsidiary, subscribed a total of 20,000,000 Daisho Shares through placing, which represented approximately 3.47% of the total issued share capital of Daisho after its placing was completed, for an aggregate consideration of HK\$10,000,000 (excluding the transaction costs), at HK\$0.5 per Daisho Share.

Daisho, to the best of the Directors' knowledge, is an Independent Third Party of the Company.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION B

The Subscription B was made for pure investment purpose and the Board is of the view that the Subscription B was fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

INFORMATION ON DAISHO

Daisho is a limited company incorporated in the Bermuda with limited liability and the shares of which are listed and traded on the main board of the Stock Exchange (stock code: 567). Daisho is principally engaged in investment holding and manufacturing and trading of printed circuit boards.

The following information is extracted from the annual report of Daisho:

	For the year ended 31 March 2016 HK\$'000	For the year ended 31 March 2017 HK\$'000
Revenue	206,940	170,245
Net loss before taxation	(60,901)	(51,009)
Net loss after taxation	(60,901)	(51,009)
Total assets	529,752	381,147
Net asset value	230,284	208,365

INFORMATION OF THE GROUP

The Group is principally engaged in (i) media business; (ii) property investment business; (iii) money lending business; (iv) financial information service business; and (v) securities and futures business.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios in respect of the transaction contemplated under the Subscription A, the Subscription B and the Disposal A separately exceed 5% but are less than 25% and constitute discloseable transactions under Chapter 19 of the GEM Listing Rules, the Subscriptions and the Disposal A are subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

Due to the misunderstanding of which the Subscriptions and the Disposal A were conducted in the ordinary and usual course of business of the Group under the GEM Listing Rules, the Subscriptions and the Disposal A were not treated as discloseable transactions under the GEM Listing Rules and thereby led to failure to notify the Stock Exchange and make proper announcement(s) in relation to the Subscriptions and the Disposal A as required under Chapter 19 of the GEM Listing Rules, which constitutes non-compliance with Rule 19.34 of the GEM Listing Rules.

In order to fulfil the Company's disclosure obligation under the GEM Listing Rules and prevent the reoccurrence of similar incidents in the future, the Board has recommended the Company to implement reporting and monitoring procedures for any securities dealing which may constitute notifiable transactions, connected transactions and/or other transactions required to be disclosed under the GEM Listing Rules. The Board have suggested all members of the transaction team to report to the finance department upon execution of such transactions by the Company. The finance department will then notify the Board and arrange proper and timely disclosure as required under the GEM Listing Rules.

DEFINITION

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

“Board”	the Board of Directors
“Company”	Finet Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liabilities and the issued shares of which are listed on GEM
“Daisho”	Daisho Microline Holdings Limited, a limited liability company incorporated in Bermuda as an exempted company with limited liability and the shares of which are listed on the main board of the Stock Exchange (stock code: 567)
“Daisho Share(s)”	the ordinary share(s) in the issued share capital of Daisho
“Director(s)”	the director(s) of the Company
“Disposal A”	disposal of the Prosper Construction Shares
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Group and its connected persons in accordance with the Listing Rules
“Prosper Construction”	Prosper Construction Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange (stock code: 6816)
“Prosper Construction Share(s)”	the ordinary share(s) in the issued share capital of Prosper Construction
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription A”	the subscription of Prosper Construction Shares
“Subscription B”	the subscription of Daisho Shares
“Subscriptions”	the Subscription A and the Subscription B

“%”

per cent

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

Hong Kong, 21 August 2017

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.