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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)

CONTINUING CONNECTED TRANSACTION

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On 27 September 2017 (after trading hours), Finet Holdings, an indirect wholly-owned subsidiary of the Company, entered into the New Tenancy Agreement with Cyber Feel in respect of the Renewed Property for a term of twenty-four months commencing on 18 October 2017 at a monthly rental of HK\$330,200 with an option granted to Finet Holdings to renew the leasing arrangement for a further term of two years at market rate.

Cyber Feel is a company wholly-owned by Ms. Lo, the ultimate controlling Shareholder of the Company and the chairman and an executive Director of the Company. Accordingly, Cyber Feel is an associate of Ms. Lo and a connected person of the Company under Chapter 20 of the GEM Listing Rules and the entering into of the New Tenancy Agreement constitutes a continuing connected transaction for the Company.

IMPLICATIONS UNDER THE GEM LISTING RULES

Although each of the Annual Caps does not exceed HK\$10 million, one or more of the relevant percentage ratios (as prescribed under the GEM Listing Rules) for at least one of the Annual Caps is more than 25%. Therefore, the Renewed Continuing Connected Transactions contemplated under the New Tenancy Agreement and the Annual Caps are subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in relation to the Renewed Continuing Connected Transactions and the Annual Caps. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The SGM will be convened at which ordinary resolutions will be proposed to seek the Independent Shareholders' approval of, among other things, the Renewed Continuing Connected Transactions and the Annual Caps.

A circular containing, among other things, (i) details of the Renewed Continuing Connected Transactions and the Annual Caps; (ii) recommendations of the Independent Board Committee to the Independent Shareholders regarding the Renewed Continuing Connected Transactions and the Annual Caps; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its advice on the Renewed Continuing Connected Transactions and the Annual Caps; (iv) a fair rent letter issued by Ascent Partners; (v) a notice convening the SGM; and (vi) other information required under the GEM Listing Rules, is expected to be despatched to the Shareholders on or before 27 September 2017.

Since Ms. Lo is materially interested in the aforesaid continuing connected transaction, she had abstained from voting on the relevant Board resolutions approving the Renewed Continuing Connected Transactions and the Annual Caps, and Ms. Lo and her associates will be required to abstain from voting on the relevant resolutions proposed at the SGM.

INTRODUCTION

The Board wishes to announce that on 27 September 2017 (after trading hours), Finet Holdings, an indirect wholly-owned subsidiary of the Company, entered into the New Tenancy Agreement with Cyber Feel in respect of the Renewed Property for a term of twenty-four months commencing on 18 October 2017. As a result of the New Tenancy Agreement, Finet Holdings and Cyber Feel have agreed to terminate the Renewed Tenancy Agreement.

NEW TENANCY AGREEMENT

- Date : 27 September 2017
- Parties : (i) Cyber Feel as landlord, a company wholly-owned by Ms. Lo, the controlling shareholder of the Company, and hence a connected person; and
- (ii) Finet Holdings, a wholly-owned subsidiary of the Company as tenant.
- Renewed Property : 30th Floor, Fortis Tower, Nos. 77–79 Gloucester Road, Wanchai, Hong Kong
- Term : Twenty-four months commencing on 18 October 2017 and expiring on 17 October 2019 (both days inclusive)
- Rent : HK\$330,200 per calendar month payable in cash in advance (exclusive of rates, management fees, air-conditioning charges and any other outgoings)
- Deposit : HK\$660,400 representing two month's rental and to be paid upon the signing of the New Tenancy Agreement, and which has already been paid by Finet Holdings to Cyber Feel as at the date of this announcement

Option : An option is granted to Finet Holdings to renew the New Tenancy Agreement for a further term of two years at market rent. Such option can be exercised during the period after 31 March 2018 but prior to the one month period immediately preceding the expiry of the New Tenancy Agreement (“**Option Period**”). Finet Holdings shall be entitled to terminate the New Tenancy Agreement during the Option Period by giving two months’ notice in writing to Cyber Feel.

According to the Previous Tenancy Agreement, Finet Holdings had rented the Renewed Property from Cyber Feel for a term of 24 months from 1 July 2015 to 30 June 2017 (both days inclusive). Following the expiry of the Previous Tenancy Agreement, Cyber Feel agreed that Finet Holdings occupied the Renewed Property free of charge during the period between 1 July 2017 to 17 July 2017. According to the Short Term Tenancy Agreement, Finet Holdings rented the Renewed Property from Cyber Feel for three months from 18 July 2017 to 17 October 2017 (both days inclusive). Details of the two agreements were disclosed in the announcements of the Company dated 12 June 2015 and 18 July 2017 respectively.

INTERNAL CONTROL POLICY

The Company has developed a set of internal control measures in order to ensure the rents fixed as stipulated under the New Tenancy Agreement are effectively implemented from time to time and the terms for the New Tenancy Agreement are not less favorable than those available from Independent Third Parties. The key internal control measures are as follows:

- (1) the Company has made reference to the prevailing market prices of similar properties in similar locations provided by an independent property agent;
- (2) the Company has engaged an external independent property valuer to provide an opinion on the rental value of a property;
- (3) based on the information obtained from paragraphs (1) and (2) above, the Company has also considered whether the entering into of the New Tenancy Agreement would be on an arm’s length basis;
- (4) the independent non-executive Directors has held a meeting to review and assess whether the transactions contemplated under the New Tenancy Agreement is conducted on normal commercial terms; and
- (5) each of the Company’s external auditors and the independent non-executive Directors will also conduct an annual review of the continuing connected transactions under the New Tenancy Agreement and the Annual Caps in accordance with the requirements of the GEM Listing Rules.

As such, the Board is of the opinion that the Company has adopted adequate internal control measures to ensure that the continuing connected transactions as contemplated under the New Tenancy Agreement are on normal commercial terms and the terms are not less favourable than the terms provided by Independent Third Parties for provision of similar products or services, and that the rents are fair and reasonable so far as the Company is concerned.

ANNUAL CAPS

The annual rent payable by the Group to Cyber Feel under the Previous Tenancy Agreement, Short Term Tenancy Agreement and the New Tenancy Agreement, excluding rates, management fees, air-conditioning charges and other outgoings (if any), for the financial years ending 31 March 2018 and 31 March 2019 and the period ending 17 October 2019 will be HK\$3,642,676, HK\$3,962,400 and HK\$2,162,277 respectively, which will be adopted as the Annual Caps for the continuing connected transactions under the Previous Tenancy Agreement, the Short Term Tenancy Agreement and the New Tenancy Agreement, but exclusive of rates, management fees, air-conditioning charges and other outgoings (if any).

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group is principally engaged in (i) the development, production and provision of financial information services and technology solutions to corporate and retail clients in Hong Kong and the PRC; and (ii) the securities and future business that specializes in the provision of online securities and futures trading.

Cyber Feel is principally engaged in property investment for letting purposes.

The purpose of entering into the New Tenancy Agreement is to continue the leasing of the Renewed Property for office use by the Group and the Board considers that it would provide a stable office environment to the Group. The Renewed Property has a gross floor area of approximately 6,350 square feet.

The terms of the New Tenancy Agreement have been arrived at arm's length negotiations and are on normal commercial terms. The amount of rent to be charged by Cyber Feel is determined with reference to (1) the expected reasonable increase in commercial property rent in Hong Kong under the property market statistics provided by the Rating and Valuation Department; and (2) fair rent letter issued by Ascent Partners. The amounts of management fee and air conditioning charges to be paid by the Group are charged at a fee determined by an Independent Third Party which are passed on directly from the landlord to the Group.

The Directors, including the independent non-executive Directors, consider that the New Tenancy Agreement was entered into in the ordinary and usual course of business of the Company, on normal commercial terms which are fair and reasonable, and in the interest of the Company and the Shareholders as a whole. Ms. Lo, being the ultimate controlling Shareholder, the chairman, an executive Director of the Company and the sole shareholder of Cyber Feel, is considered to have a material interest in the New Tenancy Agreement, and therefore she has abstained from voting on the Board resolutions approving, among other matters, the Renewed Continuing Connected Transactions and the Annual Caps.

IMPLICATIONS UNDER THE GEM LISTING RULES

Cyber Feel is wholly-owned by Ms. Lo. Hence, it is a connected person of the Company. Although each of the Annual Caps does not exceed HK\$10 million, one or more of the relevant percentage ratios (as prescribed under the GEM Listing Rules) for at least one of the Annual Caps is more than 25%. Therefore, the Renewed Continuing Connected Transactions contemplated under the New Tenancy Agreement and the Annual Caps are subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Group will take into account the then prevailing market conditions when considering whether to exercise the option to renew the New Tenancy Agreement and will comply with the relevant requirements under Chapter 20 of the GEM Listing Rules if the Group chooses to exercise the option to renew the term.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in relation to the Renewed Continuing Connected Transactions and the Annual Caps. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The SGM will be convened at which ordinary resolutions will be proposed to seek the Independent Shareholders' approval of, among other things, the Renewed Continuing Connected Transactions and the Annual Caps.

A circular containing, among other things, (i) details of the Renewed Continuing Connected Transactions and the Annual Caps; (ii) recommendations of the Independent Board Committee to the Independent Shareholders regarding the Renewed Continuing Connected Transactions and the Annual Caps; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its advice on the Renewed Continuing Connected Transactions and the Annual Caps; (iv) a fair rent letter issued by Ascent Partners; (v) a notice convening the SGM; and (vi) other information required under the GEM Listing Rules, are expected to be despatched to the Shareholders on or before 27 September 2017.

Since Ms. Lo is materially interested in the aforesaid continuing connected transactions, she had abstained from voting on the relevant Board resolutions approving the Renewed Continuing Connected Transactions and the Annual Caps, and Ms. Lo and her associates will be required to abstain from voting on the relevant resolutions proposed at the SGM.

DEFINITIONS

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

“Annual Caps”	the expected aggregate amount of rentals (excluding rates, management fees, air-conditioning charges and any other outgoings) payable by Finet Holdings to Cyber Feel under the Previous Tenancy Agreement, the New Tenancy Agreement and the Short Term Tenancy Agreement for the financial years ending 31 March 2018 and 31 March 2019 and the period ending 17 October 2019 in the amounts of HK\$3,642,676, HK\$3,962,400 and HK\$2,162,277 respectively
“Ascent Partners”	Ascent Partners Valuation Service Limited, an independent property valuer giving an opinion in relation to fair rent of the Renewed Property
“associate(s)”	shall have the meaning as ascribed to it under the GEM Listing Rules
“Board”	the board of Directors

“Company”	Finet Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to such term in the GEM Listing Rules
“Cyber Feel”	Cyber Feel Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by Ms. Lo, and a connected person
“Director(s)”	the director(s) of the Company
“Finet Holdings”	Finet Holdings Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or modified from time to time
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), 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 comprising all the existing independent non-executive Directors, namely, Mr. Wong Wai Kin, Mr. Siu Siu Ling, Robert and Mr. Leung Chi Hung, established to advise the Independent Shareholders in respect of the Renewed Continuing Connected Transactions and the Annual Caps
“Independent Financial Adviser” or “Octal Capital”	Octal Capital Limited, a licensed corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser engaged by the Company to advise the Independent Board Committee and the Independent Shareholders regarding the Renewed Continuing Connected Transactions and the Annual Caps
“Independent Shareholder(s)”	Shareholder(s) other than those who are required to abstain from voting on the resolutions proposed at the SGM to approve the Renewed Continuing Connected Transactions and the Annual Caps
“Independent Third Party(ies)”	third party(ies) not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates

“Ms. Lo”	Ms. Lo Yuk Yee, a controlling shareholder, the chairman and an executive director of the Company, and a connected person, and further a director and the sole beneficial owner of the entire share capital of Cyber Feel
“New Tenancy Agreement”	the New Tenancy Agreement dated 27 September 2017 entered into between Finet Holdings as tenant and Cyber Feel as landlord in relation to the Renewed Property for a term of twenty-four months commencing on 18 October 2017 at a monthly rent of HK\$330,200 with an option to renew the tenancy for a further term of twenty-four months at the then market rent exercisable by Finet Holdings
“PRC”	The People’s Republic of China and for the purpose of this announcement, excluding Taiwan, Hong Kong and Macau
“Previous Tenancy Agreement”	a tenancy agreement entered into between Cyber Feel and Finet Holdings dated 12 June 2015 for the period from 1 July 2015 to 30 June 2017 (both days inclusive), with details set out in the announcement of the Company dated 12 June 2015
“Renewed Continuing Connected Transactions”	the continuing connected transactions contemplated under the New Tenancy Agreement
“Renewed Property”	30th Floor, Fortis Tower, 77–79 Gloucester Road, Wanchai, Hong Kong
“Renewed Tenancy Agreement”	the Renewed Tenancy Agreement dated 21 March 2017, entered into between Finet Holdings as tenant and Cyber Feel as landlord in relation to the Renewed Property which has been terminated by the parties
“SGM”	the special general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve the Renewed Continuing Connected Transactions and the Annual Caps, and any adjourned meeting thereof
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Short Term Tenancy Agreement”	the tenancy agreement entered into between Finet Holdings and Cyber Feel in respect of the Renewed Property for a term of three months commencing on 18 July 2017 at a monthly rental of HK\$307,181 until 17 October 2017 (both days inclusive), details of which are included in the announcement published by the Company on 18 July 2017
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“substantial
shareholder” has the meaning set out in the GEM Listing Rules

“%” per cent.

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

Hong Kong, 27 September 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.