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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)**

## **ANNOUNCEMENT**

### **UPDATE ON THE USE OF PROCEEDS FROM THE SUBSCRIPTION OF CONVERTIBLE BONDS**

Reference is made to the circular (the “**Circular**”) issued by the Finet Group Limited (the “**Company**”) dated 14 October 2015 relating to the subscription of Convertible Bonds and the annual report of the Company for the year ended 31 March 2017 (the “**Annual Report**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

#### **UPDATE ON THE USE OF PROCEEDS**

It was disclosed in the section headed “Use of Proceeds” in the Circular that the Company intended to utilize the proceeds from the issuance of the Convertible Bonds in two stages during the period from October 2015 to September 2017, with the First Stage from October 2015 to September 2016 and the Second Stage from October 2016 to September 2017, in the following manner:

- (i) Invest in and develop of Internet finance platform in China, it is expected that approximately 16.2% of the aggregate proceeds raised from the Subscription, subject to 5% variation, shall be allocated:
  - (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.

Investment in the said Internet finance platform shall be divided into two stages, investments in the First Stage and the Second Stage shall be approximately 8.9% and 7.3% of the aggregate proceeds raised from the Subscription respectively, subject to the said 5% variation.

(ii) Invest in and develop of the big data platform, it is expected that approximately 22.4% of the aggregate proceeds raised from the Subscription, subject to 5% variation, shall be allocated:

(a) to develop hardware and software for the big data platform in private clouds; and

(b) to maintain the said big data platform.

Investment in big data platform shall be divided into two stages, investments in the First Stage and the Second Stage shall be approximately 8.6% and 13.8% of the aggregate proceeds raised from the Subscription respectively, subject to the said 5% variation.

The said investment and development of big data platform is expected to commence in the First Stage.

(iii) Expand operations in Beijing and Shenzhen, it is expected that approximately 29.1% of the aggregate proceeds raised from the Subscription, subject to 5% variation, shall be allocated:

(a) to renovate and expand Beijing office; and

(b) to increase the number of staff.

Expansion in PRC operations is divided into two stages, investments in the First Stage and the Second Stage shall be approximately 13.4% and 15.7% of aggregate proceeds raised from the Subscription respectively, subject the said 5% variation.

(iv) Expand marketing force for promotion of mobile Internet platform in the PRC, it is expected that approximately 17.9% of the aggregate proceeds raised from the Subscription, subject to 5% variation, shall be allocated:

(a) to promote the said mobile applications.

Expansion in marketing force is divided into two stages, investment in the First Stage and the Second Stage shall be approximately 7.1% and 10.8% of aggregate proceeds raised from the Subscription respectively, subject to said 5% variance.

The said expansion of marketing force is expected to commence in the First Stage.

- (v) Strengthen general working capital, it is expected that approximately 14.4% of the aggregate proceeds raised from the Subscription, subject to 5% variation, shall be allocated as general working capital.

All of the Convertible Bonds had been issued to the Subscriber, a company incorporated in the British Virgin Islands and a substantial Shareholder of the Company which is ultimately controlled by Ms. LO, by four tranches which took place on 23 December 2015, 6 May 2016 and 12 May 2016, raising an aggregate net proceeds of approximately HK\$69.6 million. Further information regarding the completion of the Subscription of the Convertible Bonds was published in the announcements of the Company dated 23 December 2015, 6 May 2016 and 12 May 2016 respectively.

In July 2017, the Company early redeemed the first batch of Convertible Bond (total value of approximately HK\$17.4 million). Therefore, the total intended net proceeds was reduced to HK\$52.2 million.

The Board would like to update the Shareholders regarding the use of the abovementioned net proceeds up to the date of this announcement, which are illustrated in the table below:

<b>Intended net proceeds (approximate)</b>	<b>Intended use of such net proceeds</b>	<b>Actual use of such net proceeds (nature and amount utilised)</b>
(i) HK\$8.5 million, being approximately 16.2% of the total net proceeds, subject to 5% variation	Invest in and develop of Internet finance platform in China, including	Approximately RMB570,000 (equivalent to approximately HK\$662,000) was used for the development cost of FinTV Apps for mobile application of our Internet TV.
	(a) the development of mobile and Internet applications; and	
	(b) the enhancement and maintenance of the database of financial data, news, videos and the content management system.	Approximately RMB715,000 (equivalent to approximately HK\$846,000) was used for the development cost of Finet Apps for mobile application of Finet website.

<b>Intended net proceeds (approximate)</b>	<b>Intended use of such net proceeds</b>	<b>Actual use of such net proceeds (nature and amount utilised)</b>
		<p>Approximately HK\$4,364,000 was used for the payments of salary and mandatory provident fund for staff to enhance and maintain the database editing of news, productions of video and provisions of contents in Internet finance platform.</p>
		<p>Approximately HK\$3,919,000 was used for the payments of rental and government rent and rates for our studio for content production.</p>
		<p>The net proceed was fully utilised for the intended use.</p>

Intended net proceeds (approximate)	Intended use of such net proceeds	Actual use of such net proceeds (nature and amount utilised)
(ii) HK\$11.7 million, being approximately 22.4% of the aggregate net proceeds, subject to 5% variation	Invest in and develop of the big data platform, including (a) the development of hardware and software for the big data platform in private clouds; and  (b) the maintenance of the said big data platform.	Approximately RMB2,793,000 (equivalent to approximately HK\$3,255,000) was used for the payment of salary for the data centre team in Shenzhen to maintain the big data platform.  Approximately HK\$171,000 was used for development of hardware and software for the big data platform in private clouds.  Approximately HK\$1,163,000 was used for purchasing of computers and office equipment for the data centre team in Shenzhen.

Intended net proceeds (approximate)	Intended use of such net proceeds	Actual use of such net proceeds (nature and amount utilised)
(iii) HK\$15.2 million, being approximately 29.1% of the aggregate net proceeds, subject to 5% variation	Expand operations in Beijing and Shenzhen, including (a) the renovation and expansion of Beijing office; and (b) the increasing of the number of staff	<p>Approximately HK\$7,199,000 was used for the salary payments of IT and supporting staff in Hong Kong for operation of big data platform.</p> <p>The net proceed was fully utilized for the intended use.</p> <p>Approximately RMB284,000 (equivalent to approximately HK\$330,000) was used for the renovation of Beijing office.</p> <p>Approximately RMB146,000 (equivalent to approximately HK\$171,000) was used for purchasing of the furniture for both Beijing and Shenzhen offices.</p>

Intended net proceeds (approximate)	Intended use of such net proceeds	Actual use of such net proceeds (nature and amount utilised)
		Approximately RMB364,000 (equivalent to approximately HK\$423,000) was used for purchasing computers and office equipment for both Beijing and Shenzhen offices.
		Approximately RMB4,777,000 (equivalent to approximately HK\$5,613,000) and RMB2,264,000 (equivalent to approximately HK\$2,662,000) were used for the payments of salary and social insurance for staff in Shenzhen and Beijing offices respectively.
		Approximately RMB1,807,000 (equivalent to approximately HK\$2,111,000) and RMB1,419,000 (equivalent to approximately HK\$1,658,000) were used for the rental payment for Shenzhen and Beijing offices respectively.



<b>Intended net proceeds (approximate)</b>	<b>Intended use of such net proceeds</b>	<b>Actual use of such net proceeds (nature and amount utilised)</b>
		<p>Approximately RMB462,000 (equivalent to approximately HK\$548,000) was used for the general operating costs for Shenzhen and Beijing offices.</p>
		<p>Approximately HK\$2,080,000 was used for the salary payments of IT and supporting staff in Hong Kong for overall operation and management of Beijing and Shenzhen office.</p>
		<p>The net proceed was fully utilized for the intended use.</p>

<b>Intended net proceeds (approximate)</b>	<b>Intended use of such net proceeds</b>	<b>Actual use of such net proceeds (nature and amount utilised)</b>
(iv) HK\$9.3 million, being approximately 17.9% of the aggregate net proceeds, subject to 5% variation	Expand marketing force for promotion of mobile Internet platform in the PRC by promoting the said mobile applications	<p>Approximately HK\$1,693,000 was used for the salary payments of marketing staff.</p> <p>Approximately HK\$7,607,000 of the proceeds were unused as the management of the Company considers that they have not come across a suitable timing for the launch of marketing campaign. The said unused proceeds will be paid for the same purpose when opportunity arise.</p>

<b>Intended net proceeds (approximate)</b>	<b>Intended use of such net proceeds</b>	<b>Actual use of such net proceeds (nature and amount utilised)</b>
(v) HK\$7.5 million, being approximately 14.4% of the aggregate net proceeds, subject to 5% variation	As general working capital	<p>Approximately HK\$9,588,000 was used for the rental payment for Hong Kong office.</p> <p>Approximately HK\$4,398,000 was used for the operating cost for Hong Kong office.</p> <p>The net proceed was fully utilized for the intended use.</p>

The additional information above does not affect other information contained in the Circular and Annual Report, and the contents of the Circular and Annual Report remain unchanged.

By Order of the Board  
**LO Yuk Yee**  
*Chairman and Executive Director*

Hong Kong, 9 March 2018

*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 GEM Listing Rules 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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