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財華社
FINET

FINET GROUP LIMITED

財華社集團有限公司

(Incorporated in the Cayman Island and continued in Bermuda with limited liability)

(Stock code: 8317)

CONNECTED TRANSACTIONS IN RELATION TO PROVISION OF FINANCIAL ASSISTANCE TO A CONNECTED PERSON

The Board wishes to announce that Finet Finance, a wholly-owned subsidiary of the company, had on 23 October 2017 and 2 February 2018 entered into the First Loan Agreement and the Second Loan Agreement, respectively, with the Borrower who is a connected person of the Company at the subsidiary level, pursuant to which the Group advanced the principal amounts of HK\$5 million and HK\$1 million on 23 October 2017 and 2 February 2018 respectively to the Borrower.

The Borrower is a director of Source Mega, a wholly-subsiary of the Company, and was a director of Pink Angel, a wholly-subsiary of the Company which had been disposed by the Group on 11 July 2017. Thus, the Borrower is a connected of the Company pursuant to Chapter 20 of the GEM Listing Rules and accordingly, the entering into of the Loan Agreements and the advancement of the Loans by the Group constituted connected transactions of the Company.

Since the higher of the applicable percentage ratios as prescribed in Rule 19.07 of the GEM Listing Rules in respect of the aggregate principal amount of the Loans exceed 1% but is below 5%, the entering into of the Loan Agreements and the advancement of the Loans by the Group are therefore exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

BACKGROUND

The Board wishes to announce that Finet Finance, a wholly-owned subsidiary of the company, had on 23 October 2017 and 2 February 2018 entered into the First Loan Agreement and the Second Loan Agreement, respectively, with the Borrower who is a connected person of the Company at the subsidiary level, pursuant to which the Group advanced the principal amounts of HK\$5 million and HK\$1 million on 23 October 2017 and 2 February 2018 respectively to the Borrower.

THE LOAN AGREEMENTS

Key terms of the Loan Agreements

Summarised below are the principal terms of the First Loan Agreement and the Second Loan Agreement:

| | First Loan Agreement | Second Loan Agreement |
|---------------------|---|---|
| Date | : 23 October 2017 | 2 February 2018 |
| Parties | : Finet Finance (as lender) and Borrower (as borrower) | Finet Finance (as lender) and Borrower (as borrower) |
| Principal amount | : HK\$5 million | HK\$1 million |
| Availability period | : Two months from the date of the First Loan Agreement | Two months from the date of the Second Loan Agreement |
| Interest | : 1% per month payable on a monthly basis | 1% per month payable on a monthly basis |
| Commitment Fee | : The Borrower shall pay Finet Finance a commitment fee at the rate of 1% per annum on any undrawn portion of maximum amount of the loan facility payable during the availability period on a monthly basis | The Borrower shall pay Finet Finance a commitment fee at the rate of 1% per annum on any undrawn portion of maximum amount of the loan facility payable during the availability period on a monthly basis |

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| Repayment | : | All principal amount and accrued interests shall be repaid on the final repayment date, being the date falling on the expiry of the two-month period after the First Loan Agreement | All principal amount and accrued interests shall be repaid on the final repayment date, being the date falling on the expiry of the two-month period after the Second Loan Agreement |
| Security | : | No security has been provide by the Borrower | No security has been provide by the Borrower |
| Voluntary prepayment | : | The Borrower may, at her sole discretion, repay all or any part of any drawn down amount prior to the final repayment date without penalty | The Borrower may, at her sole discretion, repay all or any part of any drawn down amount prior to the final repayment date without penalty |

Latest status of the advancement and repayment

Pursuant to the Loan Agreements, the Borrower drew down the maximum amounts of the loan facilities on 23 October 2017 and 2 February 2018, namely, HK\$5 million and HK\$1 million, respectively.

Save for paying the interest accrued on the amounts drawn down under the Loan Agreements, the Borrower had not repaid the respective principal amounts by the prescribed final repayment dates as disclosed above. After the expiry of the relevant repayment periods, the Group had continued communicating with the Borrower regarding the repayment and subsequently the Borrower repaid an amount of HK\$2 million on 14 May 2018 and an amount of HK\$4 million on 14 June 2018, being all the outstanding principal amounts of the Loans drawn down under the Loan Agreements. As at the date of this announcement, all the principal amounts of the Loans and all accrued interests had been repaid and settled in full by the Borrower.

INFORMATION OF THE GROUP

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 Greater China; (ii) media business; (iii) the securities and futures business that specializes in the provision of online securities and futures trading; (iv) money lending business; and (v) property investments. The principal activity of the Company is investment holding.

Finet Finance, a wholly-owned subsidiary of the Company, is a company incorporated in Hong Kong with limited liability and principally engaged in money lending business in Hong Kong as a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

INFORMATION OF THE BORROWER

The Borrower is a director of Source Mega, a wholly-subsiary of the Company, and was a director of Pink Angel, a wholly-subsiary of the Company which had been disposed by the Group on 11 July 2017. Thus, the Borrower is a connected person of the Company at the subsidiary level pursuant to Chapter 20 of the GEM Listing Rules.

REASONS FOR, AND BENEFITS OF, THE TRANSACTIONS UNDER THE LOAN AGREEMENTS

The terms of the Loan Agreements were negotiated on an arm's length basis between Finet Finance and the Borrower with reference to the prevailing market rate. The Directors (including the independent non-executive Directors) are of the view that the terms of the Loan Agreements were entered into on normal commercial terms or better terms to the Group.

Taking into account that (i) Finet Finance is a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and is principally engaged in money lending business in Hong Kong; (ii) the interest rate of 1% per month under the Loan Agreements are above prevailing market rates; (iii) a revenue and cash flow from the interest income is expected from the advance of the Loans to the Borrower under the Loan Agreements; and (iv) the satisfactory financial background of the Borrower to the best of the knowledge of the Directors, the Directors (including the independent non-executive Directors) consider that the terms of the Loan Agreement and the entering into of the Loan Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole. No Director of the Company has a material interest in the Loan Agreements, and accordingly no Director has abstained from voting on the board resolutions approving the Loan Agreements and the transactions contemplated thereunder.

GEM LISTING RULES IMPLICATIONS

The advance of the Loans constitutes financial assistance provided by the Company within the meaning of the GEM Listing Rules. Since the Borrower is a connected person of the Company, the entering into of the Loan Agreements and the advance of the Loans thereunder constitute connected transactions under Chapter 20 of the GEM Listing Rules. Since one or more of the applicable percentage ratios in respect of the aggregate principal amount of the Loans as prescribed in Rule 19.07 of the GEM Listing Rules is more than 1% but less than 5%, the entering into of the Loan Agreements and the advance of the Loans by the Group are therefore subject to the announcement requirement but exempt from independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

DEFINITIONS

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

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| “Board” | the board of Directors of the Company |
| “Borrower” | Ms. Chan Kwai Yuet |
| “Business Day(s)” | a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning is hoisted at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business |
| “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 |
| “Director(s)” | the director(s) of the Company |
| “GEM” | GEM operated by the Stock Exchange |
| “GEM Listing Rules” | Rules Governing the Listing of Securities on GEM |
| “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 |

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| “Finet Finance” | Finet Finance Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company and a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) |
| “First Loan Agreement” | the loan agreement dated 23 October 2017 entered into between Finet Finance and the Borrower in relation to the provision of a revolving loan facility of up to HK\$5 million by Finet Finance to the Borrower |
| “Loan Agreements” | collectively, the First Loan Agreement and the Second Loan Agreement |
| “Loans” | collectively, the loan in the principal amount of HK\$5 million drawn down under the First Loan Agreement and the loan in the principal amount of HK\$1 million drawn down under the Second Loan Agreement |
| “Pink Angel” | Pink Angel Investments Limited, company incorporated in the British Virgin Islands with limited liability and was a wholly-owned subsidiary of the Company prior to the disposal of its entire issued share capital by the Group on 11 July 2017 |
| “Second Loan Agreement” | the loan agreement dated 2 February 2018 entered into between Finet Finance and the Borrower in relation to the provision of a revolving loan facility of up to HK\$1 million by Finet Finance to the Borrower |
| “Shares” | Ordinary share(s) of HK\$0.01 each in the issued share capital of the Company |
| “Shareholder(s)” | the shareholder(s) of the Company |
| “Source Mega” | Source Mega Properties Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company |
| “%” | per cent. |

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

Hong Kong, 20 June 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 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.