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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)

(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON RECORD DATE; AND (2) CONNECTED TRANSACTIONS IN RELATION TO THE UNDERWRITING AGREEMENT AND SET-OFF OF SHAREHOLDER'S LOAN

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price of HK\$0.10 per Rights Share, to raise gross proceeds of up to approximately HK\$33.9 million before the Set-Off by issuing not less than 333,269,387 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 338,869,387 Rights Shares (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date) to the Qualifying Shareholders.

Maxx Capital, a controlling Shareholder, which is interested in 391,597,678 Shares, representing approximately 58.75% of the issued share capital of the Company as at the date of this announcement, has conditionally agreed to fully underwrite all the Untaken Rights Shares, on the terms and conditions set out in the Underwriting Agreement. The Company will ensure that there is sufficient public float as required under the GEM Listing Rules upon completion of the Rights Issue.

Pursuant to the Underwriting Agreement, Maxx Capital, Ms. Lo and the Company have agreed that the aggregate Subscription Price required to be paid by Maxx Capital and Ms. Lo under the Rights Issue and the Underwritten Shares will be settled by way of firstly the Set-Off and after the Set-Off in full, by cash.

The gross proceeds from the Rights Issue before the Set-Off is expected to be up to approximately HK\$33.9 million. Assuming full subscription of the Rights Shares, the net proceeds from the Rights Issue (after deducting the estimated expenses and after the Set-Off of approximately HK\$24.2 million) is estimated to be approximately HK\$8.5 million (assuming no change in the number of Shares in issue on or before the Record Date) or approximately HK\$9.1 million (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date).

The Company intends to apply the net proceeds from the proposed Rights Issue as follows: as to (i) approximately 90% of the net proceeds for the expansion of the IR Business in Hong Kong and the PRC; and (ii) the remaining balance for the general working capital of the Group.

In order to be registered as members of the Company on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) and/or instrument(s) of transfer) must be lodged with the Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than the Latest Lodging Time.

The last day of dealing in the Shares on a cum-rights basis is Thursday, 25 May 2023. The Shares will be dealt with on an ex-rights basis from Monday, 29 May 2023.

CONNECTED TRANSACTIONS IN RELATION TO THE UNDERWRITING AGREEMENT AND SET-OFF OF THE SHAREHOLDER'S LOAN

Pursuant to the Underwriting Agreement, Maxx Capital, Ms. Lo and the Company have agreed that the aggregate Subscription Price payable by Maxx Capital and Ms. Lo for the Rights Shares to which each of them is entitled under the Rights Issue and the Underwritten Shares would be settled by way of firstly the Set-Off and after the Set-Off in full, by cash. The Set-Off and the Underwriting Agreement constitute connected transactions on the part of the Company.

THE IRREVOCABLE UNDERTAKINGS

Maxx Undertaking

As at the date of this announcement, Maxx Capital is beneficially interested in an aggregate of 391,597,678 Shares. Pursuant to the Maxx Undertaking, Maxx Capital has given an irrevocable undertaking in favour of the Company, that:

- (i) it will subscribe for 195,798,839 Rights Shares which comprise the full acceptance of its provisional entitlement in respect of the 391,597,678 Shares wholly and beneficially held by it;
- (ii) it will not dispose of any of the 391,597,678 Shares comprising the current shareholding in the Company owned by Maxx Capital, and such Shares will remain wholly and beneficially owned by it up to and including the Record Date;
- (iii) it will lodge or procure its acceptance of the 195,798,839 Rights Shares, which will be the number of Rights Shares provisionally allotted to it nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents; and
- (iv) take appropriate steps, including, the disposal of such number of Shares necessary to ensure that sufficient public float exists in the shares of the Company in compliance with the GEM Listing Rules upon completion of the Rights Issue.

Lo's Undertaking

As at the date of this announcement, Ms. Lo is beneficially interested in an aggregate of 43,458,058 Shares. Pursuant to the Lo's Undertaking, Ms. Lo has given an irrevocable undertaking in favour of the Company and the Underwriter, that:

- (i) she will subscribe for 21,729,029 Rights Shares which comprise the full acceptance of her provisional entitlement in respect of the 43,458,058 Shares wholly and beneficially held by her;
- (ii) she will not dispose of any of the 43,458,058 Shares comprising the current shareholding in the Company owned by Ms. Lo, and such Shares will remain wholly and beneficially owned by her up to and including the Record Date;
- (iii) she will lodge the acceptance of the 21,729,029 Rights Shares, which will be the number of Rights Shares provisionally allotted to her nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents; and

(iv) she will procure Maxx Capital to take appropriate steps, including, the disposal of such number of Shares necessary to ensure that sufficient public float exists in the shares of the Company in compliance with the GEM Listing Rules upon completion of the Rights Issue.

Save for the Irrevocable Undertakings, as at the date of this announcement, the Board has not received any information or irrevocable undertaking from any other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them.

GEM LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement and the Rights Issue will not increase the total number of issued Shares or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the Shareholders' approval at the SGM.

As at the date of this announcement, (i) Ms. Lo is interested in 391,597,678 Shares through Maxx Capital, a company incorporated in the British Virgin Islands with limited liability and wholly and beneficially owned by Pablos International, which in turn is wholly and beneficially owned by Ms. Lo; and (ii) Ms. Lo is personally and beneficially interested in 43,458,058 Shares, which in aggregate represents approximately 65.27% of the issued share capital of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement and the Set-Off constitute connected transactions of the Company under the GEM Listing Rules and the Underwriting Agreement and the Set-Off are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

GENERAL

An Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Wong Wai Kin, Mr. Wong Kwok Yin and Mr. Chu Ka Chung, has been established to advise the Independent Shareholders as to whether the terms of the Set-Off and the Underwriting Agreement are fair and reasonable, in the interests of the Company and the Shareholders as a whole, and how to vote, after taking into account the recommendations of the Independent Financial Adviser.

An Independent Financial Adviser will be appointed (with the approval of the Independent Board Committee) to advise the Independent Board Committee and the Independent Shareholders in these regards.

The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Set-Off and the Underwriting Agreement and the transactions contemplated thereunder. Ms. Lo, Maxx Capital and any Shareholders who are involved in or interested in the Set-Off and/or the Underwriting Agreement shall abstain from voting on the resolutions to approve the Set-Off and the Underwriting Agreement at the SGM.

A circular including, among other things, details of (i) the Rights Issue, the Set-Off and the Underwriting Agreement; (ii) the recommendation of the Independent Board Committee in relation to the Set-Off and the Underwriting Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Set-Off and the Underwriting Agreement; (iv) a notice convening the SGM; and (v) other disclosure requirements under the GEM Listing Rules is expected to be despatched to the Shareholders on or before Friday, 5 May 2023.

Subject to the fulfillment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the proposed Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date. The Company will despatch the Prospectus to the Non-Qualifying Shareholders for their information only, but the Company will not send the PAL to the Non-Qualifying Shareholders.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the proposed Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the proposed Rights Issue may or may not proceed.

Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and/or the nil-paid Rights Shares, and if they are in any doubt about their position, they should consult their own professional advisers.

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price of HK\$0.10 per Rights Share, to raise gross proceeds of up to approximately HK\$33.9 million before the Set-Off by issuing not less than 333,269,387 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 338,869,387 Rights Shares (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date) to the

Qualifying Shareholders. Maxx Capital, a controlling Shareholder, which is interested in 391,597,678 Shares, representing approximately 58.75% of the issued share capital of the Company as at the date of this announcement, has conditionally agreed to fully underwrite all the Untaken Rights Shares, on the terms and conditions set out in the Underwriting Agreement. The Company will ensure that there is sufficient public float as required under the GEM Listing Rules upon completion of the Rights Issue.

On 13 April 2023 (after trading hours of the Stock Exchange), the Company entered into the Underwriting Agreement with the Underwriter and Ms. Lo in respect of the Rights Issue. Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue : One (1) Rights Share for every two (2) existing Shares held on the Record Date

Subscription Price : HK\$0.10 per Rights Share

Number of Shares in issue as at the date of this announcement : 666,538,774 Shares

Number of Rights Shares : not less than 333,269,387 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 338,869,387 Rights Shares (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date)

Aggregate nominal value of the Rights Shares : HK\$3,332,693.87 (assuming no change in the number of Shares in issue on or before the Record Date) or HK\$3,388,693.87 (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date)

Number of Shares as enlarged by the allotment and issue of the Rights Shares : not less than 999,808,161 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue) and not more than 1,016,608,161 Shares (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)

Number of Rights Shares underwritten by the Underwriter : 115,741,519 Rights Shares, being the minimum total number of Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date), or up to 121,341,519 Rights Shares, being the maximum total number of Rights Shares (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date) to which the Qualifying Shareholders are entitled pursuant to the Rights Issue, being not less than 333,269,387 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 338,869,387 Rights Shares, (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date), less the aggregate of 217,527,868 Rights Shares that will be provisionally allotted to and subscribed for by Ms. Lo and Maxx Capital pursuant to the Irrevocable Undertakings

Gross proceeds to be raised from the Rights Issue before the Set-Off : up to approximately HK\$33.9 million

Gross proceeds to be raised from the Rights Issue after the Set-Off : up to approximately HK\$9.7 million

As at the date of this announcement, there are 11,200,000 Outstanding Share Options granted under the Existing Share Option Scheme. Assuming full exercise of the Outstanding Share Options, the maximum number of new Shares that would fall to be allotted and issued under the Existing Share Option Scheme on or before the Record Date would be 11,200,000, which would result in the allotment and issue of an additional 5,600,000 Rights Shares.

Save for the aforesaid, the Company does not have any other options outstanding under any share scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the date of this announcement.

Assuming there is no change in the number of issued Shares on or before the Record Date, 333,269,387 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 50% of the total number of issued Shares as at the date of this announcement; and (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Subscription Price

The Subscription Price is HK\$0.10 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price of HK\$0.10 per Rights Share represents:

- (i) a discount of approximately 52.4% to the closing price of HK\$0.21 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 52.4% to the average of the closing prices of HK\$0.21 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 42.2% to the theoretical ex-rights price of HK\$0.173 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.21 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 17.97% to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the theoretical ex-rights price of approximately HK\$0.178 per Share and the benchmarked price of 0.217 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of the closing price of the Last Trading Day of HK\$0.21 per Share and the average of the closing prices per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of HK\$0.217 per Share); and
- (v) a premium of approximately 96.1% over the audited consolidated net asset value per Share of approximately HK\$0.051 (based on the latest published audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$34,244,000 and 666,538,774 Shares in issue as at 31 March 2022).

The net Subscription Price per Rights Share (after deducting the relevant expenses) will be approximately HK\$0.098 per Rights Share (assuming no change in the number of Shares in issue on or before the Record Date) or approximately HK\$0.098 (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date).

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, (i) the market price of the Shares; (ii) the prevailing market conditions; (iii) the Group's current financial position; and (iv) the amount of fund the Company intends to raise under the Rights Issue. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same Subscription Price in proportion to his/her/its existing shareholding in the Company.

In determining the Subscription Price, which represents a discount of approximately 52.4% to the closing price of HK\$0.21 per Share on the Last Trading Day, the Directors have considered, among other things as mentioned above, (i) all Qualifying Shareholders will be offered the same opportunity to maintain their proportional interests in the Company; (ii) the average trading volume of the Shares in the past three months before the date of this announcement was very low with an average daily trading volume of the Shares for the past three months ranging from no Shares to 80,000 Shares, representing no trading volume and approximately 0.012% of the Company's total number of Shares in issue; (iii) the historical financial performance of the Group is unsatisfactory with a continuously loss-making position for the year ended 31 March 2022 and the nine months ended 31 December 2022; (iv) the discount of the Subscription Price to the prevailing market price of the Shares was necessary to encourage the Qualifying Shareholders to participate in the Rights Issue, especially when liquidity in the trading of Shares is thin and the historical financial performance of the Group is unsatisfactory.

In view of the above, despite the discount of the Subscription Price to the closing price of the Shares, after a balanced consideration, the Directors (excluding (i) Ms. Lo who has a material interest in the Set-Off and the Underwriting Agreement; and (ii) the independent non-executive Directors who will give their view after taking into consideration of the advice of the Independent Financial Adviser) consider the Subscription Price which was set at a discount to the closing price will enhance the attractiveness of the Rights Issue, and therefore, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of the Rights Shares

The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but no PAL will be sent to the Non-Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be a Non-Qualifying Shareholder on the Record Date.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than the Latest Lodging Time.

The last day of dealing in the Shares on a cum-rights basis is Thursday, 25 May 2023. The Shares will be dealt with on an ex-rights basis from Monday, 29 May 2023.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

In compliance with the necessary requirements of the GEM Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholders. As at 5 April 2023, there were 3 Overseas Shareholders with registered addresses situated in the PRC and the United States.

The basis for excluding the Non-Qualifying Shareholders(s), if any, from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus (without the PAL) and a letter explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue to the Non-Qualifying Shareholders for their information only.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less

expenses and stamp duty, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholders. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlement of Non-Qualifying Shareholders to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will, if possible, be placed by the Placing Agent under the Unsubscribed Arrangements to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties and, if not successfully placed out, will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 31 May 2023 to Tuesday, 6 June 2023 (both days inclusive) for determining the Shareholders' entitlements to the Rights Issue.

No transfer of Shares will be registered during the above book closure period.

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) existing Shares in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Fractional entitlements to the Rights Shares

The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number) and will be sold by the Company in the open market if a premium (net of expenses) can be obtained.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Shares arising from the Rights Issue, the Company will appoint an agent to provide odd lot matching services, on a best effort basis, to the Shareholders who wish to top up or sell their holdings of odd lots of

the Shares to a full new board lot during the period from Tuesday, 4 July 2023 to Tuesday, 25 July 2023 (both dates inclusive). Shareholders should note that matching of the sale and purchase of odd lots of the Shares is on a best effort basis and successful matching of the sale and purchase of such odd lots is not guaranteed. Shareholders who are in doubt about this service are recommended to consult their professional advisors.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered addresses at their own risk on or before Monday, 3 July 2023. If the Rights Issue is terminated, refund cheques in respect of the applications for Rights Shares are expected to be posted on or before Monday, 3 July 2023 by ordinary post to the applicants at their own risk.

No application for excess Rights Shares

No application for excess Rights Shares will be offered to Qualifying Shareholders. Any Untaken Rights Shares will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

The Board considers that since each Qualifying Shareholder will be given equal and fair opportunity to maintain their pro rata shareholding interests in the Company through the Rights Issue, the additional work which may be required to prepare for and administer the excess application arrangement (such as printing excess application forms and incurring professional fees to process and handle the excess applications) may not be justified. In addition, given that the Company has put in place the Unsubscribed Arrangements as required by Rule 10.31(1)(b) of the GEM Listing Rules, details of which are set out in the paragraph headed “Procedures in respect of the Unsubscribed Shares and the Unsubscribed Arrangements” below, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 10.31(1)(a) of the GEM Listing Rules.

In light of the above and that the Independent Shareholders are given the opportunity to express their view on the terms of the Rights Issue (including no application for excess Rights Shares) through their votes at the SGM, the Board believes that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Qualifying Shareholders.

Procedures in respect of the Unsubscribed Shares and the Unsubscribed Arrangements

Pursuant to Rule 10.31(2) of the GEM Listing Rules, as Maxx Capital, being a controlling Shareholder, shall act as the underwriter of the Rights Issue, the Company must make arrangements as stipulated in Rule 10.31(1)(b) of the GEM Listing Rules to dispose of any Unsubscribed Shares not validly applied for by the No Action Shareholders by offering such Unsubscribed Shares to independent places for the

benefit of those Shareholders. With such compensatory arrangement in place, there will be no excess application arrangements in relation to the Rights Issue as stipulated by Rule 10.31(1)(a) of the GEM Listing Rules.

Any Unsubscribed Shares (which comprise (i) Rights Shares that are not subscribed by the Qualifying Shareholders; and/or (ii) Rights Shares which would otherwise have been in the assured allotments of the Non-Qualifying Shareholders) will be first placed by the Placing Agent under the Unsubscribed Arrangements to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders on a pro-rata basis. If any of the Unsubscribed Shares are not successfully placed out, those Unsubscribed Shares will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders as set out below on pro-rata basis (but rounded down to the nearest cent):

- (a) the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- (b) the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

In order to comply with the GEM Listing Rules, the Company has entered into the Placing Agreement with the Placing Agent to place the Unsubscribed Shares at the Placing Price. Any unplaced Unsubscribed Shares will then be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Principal terms of the Placing Agreement are summarised below:

Date: 13 April 2023 (after trading hours of the Stock Exchange)

Placing Agent: Aristo Securities Limited

As at the date of this announcement, (i) the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties; and (ii) the Placing Agent and its ultimate beneficial owner(s) are independent from the Underwriter

- Placing commission: The Company shall pay the Placing Agent a fixed commission fee of HK\$20,000
- Placing Price: the placing price of the Unsubscribed Shares shall be at least equal to the Subscription Price and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Shares during the placement process
- Placing Period: the period from Monday, 26 June 2023 up to 4:00 p.m. on Tuesday, 27 June 2023, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Unsubscribed Arrangements
- Placees: The Unsubscribed Shares are expected to be placed to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties
- Condition precedent: The obligations of the Placing Agent under the Placing Agreement are conditional upon the Underwriting Agreement becoming unconditional (save for the condition that the Placing Agreement has become unconditional)

The Placing Agent shall, on a best efforts basis during the Placing Period, seek to procure placees who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties for all (or as many as possible) to subscribe for the Unsubscribed Shares and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders on a pro-rata basis.

The Unsubscribed Arrangements are in compliance with the requirements under Rule 10.31(1)(b) of the GEM Listing Rules under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) given that the Unsubscribed Shares will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agent and the related fees and expenses in relation to such placing will be borne by the Company.

The Underwriter confirms that it and parties acting in concert with it will not be involved in screening and selecting of placees in relation to the Unsubscribed Shares.

The Placing Agent confirms that it is an Independent Third Party, and that there is no other arrangement, agreement, understanding or undertaking with the Underwriter in relation to the Shares. The terms of the Placing Agreement, including the placing

commission, were determined after arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate and the Company considers the terms to be normal commercial terms.

The Company considers that the Unsubscribed Arrangements will provide a compensatory mechanism for the No Action Shareholders, protect the interest of the Independent Shareholders, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Given that the Company has put in place the Unsubscribed Arrangements as required by Rule 10.31(1)(b) of the GEM Listing Rules, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 10.31(1)(a) of the GEM Listing Rules.

Application for listing of the Rights Shares

The Company will apply to the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. The nil-paid Rights Shares shall have the same board lot size as the Shares, i.e. 2,000 Shares in one board lot.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

Conditions of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with the terms thereof.

THE UNDERWRITING AGREEMENT

The Underwriting Agreement

On 13 April 2023 (after trading hours of the Stock Exchange), the Company entered into the Underwriting Agreement with the Underwriter and Ms. Lo, pursuant to which the Underwriter has conditionally agreed to fully underwrite all Underwritten Shares, subject to the terms and conditions of the Underwriting Agreement, other than those Rights Shares provisionally allotted to and undertaken to be subscribed by Maxx Capital and Ms. Lo pursuant to the Irrevocable Undertakings.

Date : 13 April 2023 (after trading hours of the Stock Exchange)

Underwriter : Maxx Capital

Maxx Capital is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Pablos International, which is in turn wholly and beneficially owned by Ms. Lo, the chairman of the Board and an executive Director

Maxx Capital is a controlling Shareholder which beneficially holds 391,597,678 Shares, representing approximately 58.75% of the issued share capital of the Company as at the date of this announcement

As such, the Underwriter complies with Rule 10.24A(2) of the GEM Listing Rules and the Underwriter is a connected person of the Company under Chapter 20 of the GEM Listing Rules.

Number of Right Shares : not less than 333,269,387 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 338,869,387 Rights Shares (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date)

- Number of Underwritten Shares : 115,741,519 Rights Shares, being the minimum total number of Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date), or up to 121,341,519 Rights Shares, being the maximum total number of Rights Shares (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date) to which the Qualifying Shareholders are entitled under the Rights Issue, being not less than 333,269,387 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 338,869,387 Rights Shares, (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date), less the aggregate of 217,527,868 Rights Shares that will be provisionally allotted to and subscribed for by Maxx Capital and Ms. Lo pursuant to the Irrevocable Undertakings
- Underwriting commitment of the Underwriter : Pursuant to the Underwriting Agreement, Maxx Capital as the underwriter has conditionally agreed to underwrite the Rights Shares (other than the Rights Shares agreed to be taken up by Maxx Capital and Ms. Lo under the Irrevocable Undertakings) which have not been taken up by the Qualifying Shareholders and which have not been placed out by the Placing Agent under the Unsubscribed Arrangements. Accordingly, the Rights Issue is fully underwritten
- Underwriting commission : No underwriting commission will be payable by the Company to the Underwriter under the Underwriting Agreement

Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon the following conditions being fulfilled:

- (a) the passing by the Independent Shareholders at the SGM of ordinary resolutions to approve the Set-Off, the Underwriting Agreement and the transactions contemplated thereunder in accordance with the GEM Listing Rules by no later than the Prospectus Posting Date;

- (b) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) by no later than the first day of their dealings;
- (c) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) not later than the Prospectus Posting Date;
- (d) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purposes only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (e) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms;
- (f) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect; and
- (g) the compliance with and performance of all the undertakings and obligations of Maxx Capital and Ms. Lo under the Irrevocable Undertakings.

None of the above conditions can be waived. If any of the conditions referred to above is not fulfilled by the Latest Time for Termination, the Rights Issue will not proceed.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

- (i) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or

- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of this announcement) of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not *ejusdem generis* with any of the foregoing; or
- (vi) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the reasonable opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten (10) consecutive Business Days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements in connection with the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriting Agreement further contains provisions that the Underwriter may terminate its commitment under the Underwriting Agreement if prior to the Latest Time for Termination, there is:

- (i) any material breach of any of the representations, warranties or undertakings of the Company under the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (ii) any Specified Event comes to the knowledge of the Underwriter.

If the Underwriting Agreement is terminated by the Underwriter on or before the Latest Time for Termination or does not become unconditional, the Rights Issue will not proceed.

The Irrevocable Undertakings

Maxx Undertaking

Pursuant to the Maxx Undertaking, Maxx Capital has given an irrevocable undertaking in favour of the Company that:

- (i) it will subscribe for 195,798,839 Rights Shares which comprise the full acceptance of its provisional entitlement in respect of the 391,597,678 Shares wholly and beneficially held by it;
- (ii) it will not dispose of any of the 391,597,678 Shares comprising the current shareholding in the Company owned by Maxx Capital, and such Shares will remain wholly and beneficially owned by it up to and including the Record Date;
- (iii) it will lodge or procure its acceptance of the 195,798,839 Rights Shares, which will be the number of Rights Shares provisionally allotted to it nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents; and
- (iv) take appropriate steps, including, the disposal of such number of Shares necessary to ensure that sufficient public float exists in the shares of the Company in compliance with the GEM Listing Rules upon completion of the Rights Issue.

Lo's Undertaking

Pursuant to the Lo's Undertaking, Ms. Lo has given an irrevocable undertaking in favour of the Company and the Underwriter that:

- (i) she will subscribe for 21,729,029 Rights Shares which comprise the full acceptance of her provisional entitlement in respect of the 43,458,058 Shares wholly and beneficially held by her;
- (ii) she will not dispose of any of the 43,458,058 Shares comprising the current shareholding in the Company owned by Ms. Lo, and such Shares will remain wholly and beneficially owned by her up to and including the Record Date;
- (iii) she will lodge the acceptance of the 21,729,029 Rights Shares, which will be the number of Rights Shares provisionally allotted to her nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents; and
- (iv) she will procure Maxx Capital to take appropriate steps, including, the disposal of such number of Shares necessary to ensure that sufficient public float exists in the shares of the Company in compliance with the GEM Listing Rules upon completion of the Rights Issue.

Save for the Irrevocable Undertakings, as at the date of this announcement, the Board has not received any information or irrevocable undertaking from any other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them.

CONNECTED TRANSACTIONS IN RELATION TO THE UNDERWRITING AGREEMENT AND SET-OFF OF THE SHAREHOLDER'S LOAN

In order to maintain sufficient cash level for the operational needs of the Group, on 1 April 2022, Ms. Lo, as the lender, and the Company, as the borrower, entered into a loan agreement pursuant to which Ms. Lo granted a loan facility of up to HK\$30 million in favour of the Company, for a term of 12 months.

The Shareholder's Loan is unsecured and interest-free and the maturity date of the Shareholder's Loan was 31 March 2023. As at 31 March 2023, the total outstanding principal amount of the Shareholder's Loan amounted to approximately HK\$24.2 million, which remains outstanding as at the date of this announcement.

Pursuant to the Underwriting Agreement, Maxx Capital, Ms. Lo and the Company have agreed that the Subscription Price payable by Maxx Capital and Ms. Lo for the Rights Shares to which each of them is entitled under the Rights Issue and the Underwritten

Shares would be settled by way of firstly the Set-Off and after the Set-Off in full, by cash. The Set-Off and the Underwriting Agreement constitute connected transactions on the part of the Company.

Although the Rights Issue is fully underwritten, the exact amount of the Shareholder's Loan to be set off for such aggregate Subscription Price depends on the number of Rights Shares to be taken up by the Qualifying Shareholders and the total number of Unsubscribed Shares to be placed by the Placing Agent to the independent places pursuant to the Unsubscribed Arrangements.

Assuming there is no change in the number of issued Shares from the date of this announcement up to and including the date of close of the Rights Issue, (i) the minimum amount of the Shareholder's Loan to be Set Off will be approximately HK\$21.8 million (assuming all Qualifying Shareholders take up all his/her/its entitlements under the Rights Issue); and (ii) the maximum amount of the Shareholder's Loan to be Set Off will be approximately HK\$24.2 million (assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Maxx Capital and Ms. Lo pursuant to the Irrevocable Undertakings; and (b) no Independent Third Parties took up the Unsubscribed Shares such that all the Unsubscribed Shares were taken up by Maxx Capital).

Completion of the Set-Off, which is subject to the same conditions as the Rights Issue, shall take place simultaneously with the issue of the Rights Shares by the Company pursuant to the terms of the Rights Issue.

Reason for the Set-Off

The Directors consider that the Set-Off will enable the Group to repay whole of the Shareholder's Loan without cash outflow and will allow the Group to reduce its gearing level.

The Set-Off was agreed after arm's length negotiations between the Company as issuer and Maxx Capital as underwriter. In the event of absence of the Set-Off arrangement in the Rights Issue, Maxx Capital will have an additional cash outflow of approximately HK\$19.6 million under the Rights Issue and this will affect the willingness of Maxx Capital to act as underwriter for the Rights Issue. Given that Maxx Capital will not charge any underwriting commission and the Shareholder's Loan were utilised towards the general working capital of the Group, the Company considers that the Set-Off arrangement is fair and reasonable. Taking into account (i) the Set-Off arrangement in the Rights Issue was one of the key factors affecting the willingness of Maxx Capital to act as underwriter for the Rights Issue; and (ii) the maturity date of the Shareholder's Loan, the Directors consider that the Set-Off is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Implications under GEM Listing Rules

Since Maxx Capital and Ms. Lo are a group of controlling Shareholders, the Set-Off and the Underwriting Agreement and the transactions contemplated thereunder constitute connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules and are subject to the approval of the Independent Shareholders.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue set out below is indicative only and has been prepared on the assumption that the Set-Off and the Underwriting Agreement will be approved by the Independent Shareholders at the SGM. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

Event	2023
Publication of the announcement of the Rights Issue	Thursday, 13 April
Expected despatch date of the Circular, proxy form and notice of SGM	Friday, 5 May
Latest time for lodging transfers of Shares to qualify for the attendance and voting at the SGM.	4:30 p.m. on Thursday, 18 May
Closure of register of members of the Company (both days inclusive)	Friday, 19 May to Wednesday, 24 May
Latest time for lodging proxy forms for the SGM	11:00 a.m. on Monday, 22 May
Record date for determining entitlements for the attendance and voting at the SGM	Wednesday, 24 May
Expected time and date of the SGM	11:00 a.m. on Wednesday, 24 May
Announcement of the poll results of the SGM	Wednesday, 24 May
Register of members of the Company reopens	Thursday, 25 May
Last day of dealings in the Shares on a cum-rights basis.	Thursday, 25 May
First day of dealings in the Shares on an ex-rights basis	Monday, 29 May

Latest time for lodging transfer of Shares to qualify for the Rights Issue.	4:30 p.m. on Tuesday, 30 May
Closure of register of members of the Company for determining entitlements to the Rights Issue (both days inclusive)	Wednesday, 31 May to Tuesday, 6 June
Record date for determining entitlements for the Rights Issue	Tuesday, 6 June
Register of members of the Company reopens	Wednesday, 7 June
Despatch of the Prospectus Documents (in the case of Non-Qualifying Shareholders, the Prospectus only).	Wednesday, 7 June
First day of dealing in nil-paid Rights Shares	Friday, 9 June
Latest time for splitting of the PALs	4:30 p.m. on Tuesday, 13 June
Last day of dealing in nil-paid Rights Shares.	Friday, 16 June
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the payment of Net Gain	4:00 p.m. on Wednesday, 21 June
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Wednesday, 21 June
Announcement of the number of the Unsubscribed Shares subject to the Unsubscribed Arrangements.	Friday, 23 June
Commencement of placing of the Unsubscribed Shares by the Placing Agent subject to the Unsubscribed Arrangements	Monday, 26 June
End of placing of the Unsubscribed Shares by the Placing Agent	Tuesday, 27 June
Latest time for the termination of the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Wednesday, 28 June

Announcement of allotment results of the Rights Issue (including results of the placing of the Unsubscribed Shares and the amount of Net Gain per Unsubscribed Share under the Unsubscribed Arrangements).	Friday, 30 June
Despatch of certificates for fully-paid Rights Shares.	Monday, 3 July
Expected first day of dealings in fully-paid Rights Shares	9:00 a.m. on Tuesday, 4 July
Designated broker starts to stand in the market to provide matching services for odd lots of Shares.	9:00 a.m. on Tuesday, 4 July
Payment of the Net Gain (if any) to the relevant Non Action Shareholders.	Monday, 24 July
Designated broker ceases to stand in the market to provide matching services for odd lots of Shares.	Tuesday, 25 July

All times stated above refer to Hong Kong times.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 21 June 2023. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 21 June 2023. Instead the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Wednesday, 21 June 2023, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND INTENDED USE OF PROCEEDS

The Group is principally engaged in (i) the provision of financial information; (ii) advertising and financial public relationship service (including media business); (iii) the securities business that specialises in the provision of brokerage, underwriting and asset management; (iv) money lending business; and (v) property investments.

As disclosed in the third quarterly report of the Company for the nine months ended 31 December 2022, although the IR Business continues to be affected by the prolonged impact of the novel coronavirus (“COVID-19”) pandemic during the period, as the COVID-19 pandemic is becoming under control and the relevant anti-pandemic restrictions are gradually being lifted, the Company expects the IR Business to become the Group’s profit stream in the coming years. As such, the Board has resolved to boost and expand the development of the IR Business in Hong Kong and the PRC, including but not limited to recruiting additional personnel, purchasing IT equipment and provide reserves for operating fund.

In light of the financial performance of the Group which remains to be loss-making for the year ended 31 March 2022 and the nine months ended 31 December 2022 as well as the above expansion plan of the Group, the Board considers that it is vital for the Group to have access to additional funding and working capital in order to maintain its competitiveness in the market.

Assuming full subscription of the Rights Shares, the gross proceeds from the Rights Issue before the Set-Off is expected to be up to approximately HK\$33.9 million. The net proceeds from the Rights Issue (after deducting the estimated expenses, and after the Set-Off of approximately HK\$24.2 million) is estimated to be approximately HK\$8.5 million (assuming no change in the number of Shares in issue on or before the Record Date) or approximately HK\$9.1 million (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date). The estimated net subscription price per Rights Share after deducting the related expenses of the Rights Issue is expected to be approximately HK\$0.098 (assuming no change in the number of Shares in issue on or before the Record Date) or approximately HK\$0.098 (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date).

The Company intends to apply the net proceeds from the proposed Rights Issue as follows: as to (i) approximately 90% of the net proceeds, for the expansion of the IR Business in Hong Kong and the PRC; and (ii) the remaining balance for the general working capital of the Group.

The Company has considered (i) placing of new Shares; (ii) debt financing; and (iii) open offer as fundraising alternatives in comparison to the Rights Issue. However, placing would only be available to certain places and debt financing would result in additional finance costs and increase the Group’s liabilities burden. The Board is of the view that

while additional debt financing will increase the Group's gearing ratio, it will also increase the ongoing interest expenses of the Group which may in turn affect the profitability of the Company. On the other hand, the Board considered that the fundraising by way of the Rights Issue will improve the financial position of the Group immediately. The Board has also considered that open offer is less favorable to the Shareholders compared to the Rights Issue due to the flexibility of the Shareholders being able to sell their entitled nil-paid rights when they do not wish to take up the entitlements under the Rights Issue.

The Rights Issue is an offer to existing Shareholders to participate in the enlargement of the capital base of the Company and enables the Shareholders to maintain their proportionate interests in the Company and continue to participate in development of the Company in the future should they wish to do so. However, those Qualifying Shareholders who do not participate in the Rights Issue to which they are entitled and the Non-Qualifying Shareholders should note that their shareholding interest in the Company will be diluted.

The Directors (excluding (i) Ms. Lo; and (ii) the independent non-executive Directors who will give their view after taking into consideration of the advice of the Independent Financial Adviser) consider that, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the proposed Rights Issue, including the Subscription Price, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the proposed Rights Issue are able to sell the nil-paid rights in the market; (ii) the proposed Rights issue provides the Qualifying Shareholders with an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical market price of the Shares; and (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

For illustration purposes only, set out below are the changes in the shareholding structure of the Company arising from the Rights Issue assuming (i) no change in the number of Shares in issue on or before the Record Date; and (ii) new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date, but otherwise no other change in the issued Shares on or before the Record Date.

(i) Assuming no change in the number of Shares in issue on or before the Record Date

	As at the date of this announcement		Immediately after completion of the Rights Issue (assuming all Qualifying Shareholders take up all his/her/its entitlements under the Rights Issue)		Immediately after completion of the Rights Issue (assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Ms. Lo and Maxx Capital pursuant to the Irrevocable Undertakings; and (b) all the Unsubscribed Shares were placed to Independent Third Parties under the Unsubscribed Arrangements) (Note 2)		Immediately after completion of the Rights Issue (assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Ms. Lo and Maxx Capital pursuant to the Irrevocable Undertakings; and (b) no Independent Third Parties took up the Unsubscribed Shares such that all the Unsubscribed Shares were taken up by Maxx Capital) (Notes 2 & 3)	
	No. of Shares	Approx. percentage %	No. of Shares	Approx. percentage %	No. of Shares	Approx. Percentage %	No. of Shares	Approx. Percentage %
Ms. Lo	43,458,058	6.52	65,187,087	6.52	65,187,087	6.52	65,187,087	6.52
Maxx Capital (Note 1)	391,597,678	58.75	587,396,517	58.75	587,396,517	58.75	703,138,036	70.33
Broadgain International Limited	47,052,000	7.06	70,578,000	7.06	47,052,000	4.71	47,052,000	4.71
Mr. Wang Yuan	39,000,000	5.85	58,500,000	5.85	39,000,000	3.90	39,000,000	3.90
Independent placees	—	—	—	—	115,741,519	11.58	—	—
Public Shareholders	<u>145,431,038</u>	<u>21.82</u>	<u>218,146,557</u>	<u>21.82</u>	<u>145,431,038</u>	<u>14.55</u>	<u>145,431,038</u>	<u>14.55</u>
Total	<u>666,538,774</u>	<u>100.00</u>	<u>999,808,161</u>	<u>100.00</u>	<u>999,808,161</u>	<u>100.00</u>	<u>999,808,161</u>	<u>100.00</u>

Notes

1. Maxx Capital is an investment holding company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by Pablos International, which is in turn wholly and beneficially owned by Ms. Lo, being the chairman of the Board, an executive Director and a controlling Shareholder.
2. Further announcement(s) will be made by the Company as soon as practicable when the total number of Unsubscribed Shares to be placed by the Placing Agent to the independent placees and the number of placees are confirmed.

3. Assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Ms. Lo and Maxx Capital pursuant to the Irrevocable Undertakings; and (b) no Independent Third Parties took up the Unsubscribed Shares such that all the Unsubscribed Shares were taken up by Maxx Capital, upon completion of the Rights Issue, there will be 231,483,038 Shares held by public Shareholders, representing approximately 23.15% of the total issued Shares of the Company as enlarged by the allotment and issue of the Rights Shares, which will be below the minimum public float requirement of 25% under the GEM Listing Rules. In light of the above, the Company will closely monitor its public float percentage to ensure its compliance, at all times, with relevant requirements on public float as stipulated under the GEM Listing Rules and the Underwriter undertakes to dispose of such number of Shares necessary to comply with the public float requirements under the GEM Listing Rules upon completion of the Rights Issue.
4. Certain percentage figures included in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

(ii) Assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date, but otherwise no other change in the issued Shares on or before the Record Date

	As at the date of this announcement		Immediately after full exercise of the Outstanding Share Options but otherwise no other change in the issued share capital of the Company from the date of this announcement up to the Record Date		Immediately after completion of the Rights Issue (assuming all Qualifying Shareholders take up all his/her/its entitlements under the Rights Issue)		Immediately after completion of the Rights Issue (assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Ms. Lo and Maxx Capital pursuant to the Irrevocable Undertakings; and (b) all the Unsubscribed Shares were placed to Independent Third Parties under the Unsubscribed Arrangements) (Note 2)		Immediately after completion of the Rights Issue (assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Ms. Lo and Maxx Capital pursuant to the Irrevocable Undertakings; and (b) no Independent Third Parties took up the Unsubscribed Shares such that all the Unsubscribed Shares were taken up by Maxx Capital) (Notes 2 & 3)	
	No. of Shares	Approx. percentage %	No. of Shares	Approx. percentage %	No. of Shares	Approx. percentage %	No. of Shares	Approx. percentage %	No. of Shares	Approx. percentage %
Ms. Lo	43,458,058	6.52	43,458,058	6.41	65,187,087	6.41	65,187,087	6.41	65,187,087	6.41
Maxx Capital (Note 1)	391,597,678	58.75	391,597,678	57.78	587,396,517	57.78	587,396,517	57.78	708,738,036	69.72
Broadgain International Limited	47,052,000	7.06	47,052,000	6.94	70,578,000	6.94	47,052,000	4.63	47,052,000	4.63
Mr. Wang Yuan	39,000,000	5.85	39,000,000	5.75	58,500,000	5.75	39,000,000	3.84	39,000,000	3.84
Holders of the Outstanding Share Options	—	—	11,200,000	1.65	16,800,000	1.65	11,200,000	1.10	11,200,000	1.10
Independent placees	—	—	—	—	—	—	121,341,519	11.94	—	—
Public Shareholders	<u>145,431,038</u>	<u>21.82</u>	<u>145,431,038</u>	<u>21.46</u>	<u>218,146,557</u>	<u>21.46</u>	<u>145,431,038</u>	<u>14.31</u>	<u>145,431,038</u>	<u>14.31</u>
Total	<u>666,538,774</u>	<u>100.00</u>	<u>677,738,774</u>	<u>100.00</u>	<u>1,016,608,161</u>	<u>100.00</u>	<u>1,016,608,161</u>	<u>100.00</u>	<u>1,016,608,161</u>	<u>100.00</u>

Notes

1. Maxx Capital is an investment holding company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by Pablos International, which is in turn wholly and beneficially owned by Ms. Lo, being the chairman of the Board, an executive Director and a controlling Shareholder.
2. Further announcement(s) will be made by the Company as soon as practicable when the total number of Unsubscribed Shares to be placed by the Placing Agent to the independent placees and the number of placees are confirmed.
3. Assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Ms. Lo and Maxx Capital pursuant to the Irrevocable Undertakings; and (b) no Independent Third Parties took up the Unsubscribed Shares such that all the Unsubscribed Shares were taken up by Maxx Capital, upon completion of the Rights Issue, there will be 243,151,038 Shares held by public Shareholders, representing approximately 23.88% of the total issued Shares of the Company as enlarged by the allotment and issue of the Rights Shares, which will be below the minimum public float requirement of 25% under the GEM Listing Rules. In light of the above, the Company will closely monitor its public float percentage to ensure its compliance, at all times, with relevant requirements on public float as stipulated under the GEM Listing Rules and the Underwriter undertakes to dispose of such number of Shares necessary to comply with the public float requirements under the GEM Listing Rules upon completion of the Rights Issue.
4. Certain percentage figures included in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

EQUITY FUNDRAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fundraising activity in the past twelve months immediately before the date of this announcement.

ADJUSTMENTS IN RELATION TO THE OUTSTANDING SHARE OPTIONS

As at the date of this announcement, there are 11,200,000 Outstanding Share Options which are exercisable from 1 December 2022 to 3 September 2024. Pursuant to the terms and conditions of the Existing Share Option Scheme, the exercise prices and/or number of new Shares to be issued upon exercise of the Outstanding Share Options may be adjusted in accordance with the terms and conditions of the Existing Share Option Scheme, if any, upon the Rights Issue becoming unconditional. The Company will make further announcement(s) in respect of such adjustments as and when appropriate.

GEM LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement and the Rights Issue will not increase the total number of issued Shares or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the Shareholders' approval at the SGM.

As at the date of this announcement, (i) Ms. Lo is interested in 391,597,678 Shares through Maxx Capital, a company incorporated in the British Virgin Islands with limited liability and wholly and beneficially owned by Pablos International, which in turn is wholly and beneficially owned by Ms. Lo; and (ii) Ms. Lo is personally and beneficially interested in 43,458,058 Shares, which in aggregate represents approximately 65.27% of the issued share capital of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement and the Set-Off constitute connected transactions of the Company under the GEM Listing Rules and the Underwriting Agreement and the Set-Off are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

GENERAL

An Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Wong Wai Kin, Mr. Wong Kwok Yin and Mr. Chu Ka Chung, has been established to advise the Independent Shareholders as to whether the terms of the Set-Off and the Underwriting Agreement are fair and reasonable, in the interests of the Company and the Shareholders as a whole, and how to vote, after taking into account the recommendations of the Independent Financial Adviser.

An Independent Financial Adviser will be appointed (with the approval of the Independent Board Committee) to advise the Independent Board Committee and the Independent Shareholders in these regards.

The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Set-Off and the Underwriting Agreement and the transactions contemplated thereunder. Ms. Lo, Maxx Capital and any Shareholders who are involved in or interested in the Set-Off and/or the Underwriting Agreement and those Shareholders who have a material interest in the Set-Off and/or the Underwriting Agreement different from other Shareholders shall abstain from voting on the resolutions to approve the Set-Off and the Underwriting Agreement at the SGM.

A circular including, among other things, details of (i) the Rights Issue, the Set-Off and the Underwriting Agreement; (ii) the recommendation of the Independent Board Committee in relation to the Set-Off and the Underwriting Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Set-Off and the Underwriting Agreement; (iv) a notice convening the SGM; and (v) other disclosure requirements under the GEM Listing Rules is expected to be despatched to the Shareholders on or before Friday, 5 May 2023.

Subject to the fulfillment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the proposed Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date. The Company will despatch the Prospectus to the Non-Qualifying Shareholders for their information only, but the Company will not send the PAL to the Non-Qualifying Shareholders.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the proposed Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the proposed Rights Issue may or may not proceed.

Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and/or the nil-paid Rights Shares, and if they are in any doubt about their position, they should consult their own professional advisers.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday or public holiday or a day on which a tropical cyclone warning signal no. 8 or above or “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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 of the Stock Exchange (stock code: 8317)
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules

“Director(s)”	the director(s) of the Company
“Existing Share Option Scheme”	the share option scheme adopted by the Company on 4 September 2014
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Company, comprising all independent non-executive Directors, which has been established by the Board for the purpose of advising the Independent Shareholders on the Set-Off and the Underwriting Agreement and as to voting
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders on the Set-Off and the Underwriting Agreement and as to voting
“Independent Shareholders”	Shareholders other than (i) Ms. Lo and Maxx Capital; (ii) any Shareholders who are involved in or interested in the Set-Off and the Underwriting Agreement; and (iii) those Shareholders who have a material interest in the Set-Off and the Underwriting Agreement different from other Shareholders, who shall be required under the GEM Listing Rules to abstain from voting on the resolutions to approve the Set-Off and the Underwriting Agreement at the SGM
“Independent Third Party(ies)”	third party(ies) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are independent of and not connected with the Company and its connected persons (as defined under the GEM Listing Rules) or any of their respective associates
“IR Business”	the financial information, advertising and investor relationship services business of the Group

“Irrevocable Undertakings”	collectively, the Maxx Undertaking and the Lo’s Undertaking
“Last Trading Day”	13 April 2023, being the last full trading day of the Shares on the Stock Exchange prior to the release of this announcement
“Latest Lodging Time”	4:30 p.m. on Tuesday, 30 May 2023 or such other time and/or date as the Underwriter and the Company may agree, being the latest time for the Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 21 June 2023 or such other time and/or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Rights Shares under the Rights Issue
“Latest Time for Termination”	4:00 p.m. on Wednesday, 28 June 2023 or such later time and/or date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement
“Lo’s Undertaking”	the irrevocable undertaking given by Ms. Lo in favour of the Company and the Underwriter, details of which is set out in the paragraph headed “Lo’s Undertaking” in this announcement
“Maxx Capital” or “Underwriter”	Maxx Capital International Limited, a company incorporated in the British Virgin Islands with limited liability, being a substantial Shareholder and the underwriter to the Rights Issue pursuant to the Underwriting Agreement, which is wholly and beneficially owned by Pablos International, which is in turn wholly and beneficially owned by Ms. Lo, the chairman of the Board and an executive Director
“Maxx Undertaking”	the irrevocable undertaking given by Maxx Capital in favour of the Company, details of which is set out in the paragraph headed “Maxx Undertaking” in this announcement
“Ms. Lo”	Ms. Lo Yuk Yee, the chairman of the Board and an executive Director and a controlling Shareholder
“No Action Shareholders”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) in their assured entitlements, or Non-Qualifying Shareholders (as the case may be)

“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“Outstanding Share Options”	as at the date of this announcement, there are 11,200,000 outstanding and vested share options granted by the Company under the Existing Share Option Scheme
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
“Pablos International”	Pablos International Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by Ms. Lo, the chairman of the Board and an executive Director
“Placing Agent”	Aristo Securities Limited, a corporation licensed to carry on type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 13 April 2023 and entered into between the Company and the Placing Agent in respect of the Unsubscribed Arrangements, pursuant to which the Placing Agent has agreed to procure placees on a best effort basis to subscribe for the Unsubscribed Shares
“Placing Period”	the period from Monday, 26 June 2023 up to Tuesday, 27 June 2023, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Unsubscribed Arrangements
“Placing Price”	the placing price of the Unsubscribed Shares shall be at least equal to the Subscription Price and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Shares during the placement process
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders by the Company containing details of the proposed Rights Issue

“Prospectus Documents”	the Prospectus and the PALs
“Prospectus Posting Date”	Wednesday, 7 June 2023, or such other day as may be agreed between the Company and the Underwriter for the despatch of the Prospectus Documents to the Qualifying Shareholders, and the Prospectus (for information only) to the Non-Qualifying Shareholders (as the case may be)
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Tuesday, 6 June 2023 or such other date as may be agreed between the Company and the Underwriter in writing for the determination of the entitlements under the Rights Issue
“Registrar”	Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, being the Company’s branch share registrar and transfer office in Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Share(s)”	Shares to be issued and allotted under the proposed Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares in issue on the Record Date, being not less than 333,269,387 Shares (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 338,869,387 Rights Shares (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date)
“Set-Off”	the set-off of the Subscription Price against the Shareholder’s Loan for the Rights Shares to which Maxx Capital and Ms. Lo are entitled under the Rights Issue and the Underwritten Shares
“SGM”	the special general meeting of the Company to be convened and held to consider and approve the Set-Off and the Underwriting Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Share Option(s)”	the share options granted by the Company under the Existing Share Option Scheme
“Shareholder(s)”	holder(s) of issued share(s)
“Shareholder’s Loan”	the interest-free loan facility of up to HK\$30 million granted by Ms. Lo in favour of the Company for a term of 12 months under a loan agreement dated 1 April 2022, the outstanding principal amount of which amounted to approximately HK\$24.2 million as at 31 March 2023 and remains outstanding as at the date of this announcement
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.10 per Rights Share
“Underwriting Agreement”	the underwriting agreement dated 13 April 2023 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Share(s)”	115,741,519 Rights Shares, being the minimum total number of Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date), or up to 121,341,519 Rights Shares, being the maximum total number of Rights Shares (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date) to which the Qualifying Shareholders are entitled under the Rights Issue, being not less than 333,269,387 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 338,869,387 Rights Shares, (assuming new Shares are allotted and issued upon full exercise of the Outstanding Share Options on or before the Record Date), less the aggregate of 217,527,868 Rights Shares that will be provisionally allotted to and subscribed for by Maxx Capital and Ms. Lo pursuant to the Irrevocable Undertakings

“Unsubscribed Arrangements”	arrangements to place the Unsubscribed Shares by the Placing Agent on a best effort basis to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties pursuant to Rule 10.31(1)(b) of the GEM Listing Rules
“Unsubscribed Share(s)”	Rights Shares that are not subscribed by the Qualifying Shareholders and Rights Shares which would otherwise have been allotted to the Non-Qualifying Shareholders (as the case may be)
“Untaken Rights Shares”	all such Unsubscribed Shares that have not been placed by the Placing Agent or they have been placed but the places have not paid therefor at 4:00 p.m. on Tuesday, 27 June 2023
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 13 April 2023

As at the date of this report, the executive Directors are Ms. Lo Yuk Yee and Ms. Chen Weijie; and the independent non-executive Directors are Mr. Wong Wai Kin, Mr. Wong Kwok Yin and Mr. Chu Ka Chung.

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 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 Listed Company Information” page of the Stock Exchange at www.hkexnews.hk for at least 7 days from the date of its publication. This announcement will also be published on the Company’s website at www.finet.hk.