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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 with limited liability)

(Stock code: 08317)

**ANNOUNCEMENT
AND
RESUMPTION OF TRADING**

This announcement is made by the Board pursuant to Rule 17.10 of the GEM Listing Rules.

Reference is made to the announcement by MAXX Capital International Limited dated 4 August 2010. The Board would like to clarify that the Company has obtained legal advice from its Cayman Islands legal counsel to confirm that the Four Proposed Directors had not been validly appointed at the relevant time and it would not be possible to treat them as if they had been appointed on 28 or 29 June 2010. Nonetheless, the Board believes that a genuine misunderstanding has arisen between the Directors and MCFL regarding the appointments of the Four Proposed Directors and having had the opportunity to consider their profiles, the Board believed that it would be in the interest of the Company and the Shareholders as a whole if these Four Proposed Directors were appointed. Accordingly, the Board would have accepted their appointment as additional Directors in due course. However, under Rule 26.4 of the Takeovers Code, the Four Proposed Directors, being nominated by MCFL which is a party acting in concert with the Offeror, cannot be validly appointed as Directors until the Offer Document has been despatched. On 19 August 2010, a Board meeting was held and the Board resolved to appoint the Four Proposed Directors, subject to their acceptance, with effect immediately after the despatch of the Offer Document.

The Board is pleased to announce that on 25 August 2010, Mr. Chow, Mr. Yiu and Ms. Chan have accepted the appointment as executive Directors and Mr. Lui has accepted the appointment as an independent non-executive Director, and such appointments will become effective on 26 August 2010. As Mr. Lui was nominated by the Offeror, there is an apparent conflict of interest if Mr. Lui were to be included in the Independent Board Committee to advise the Independent Shareholders in relation to the Offers. The Board has therefore resolved, and Mr. Lui has agreed, that Mr. Lui will not be included in the Independent Board Committee.

REQUISITIONING OF AN EXTRAORDINARY GENERAL MEETING

On 4 August 2010, MCFL and WCIL, being the holders of not less than one-tenth of the paid-up share capital of the Company carrying the right of voting at general meetings of the Company, deposited with the Company a requisition requiring the Company to convene an extraordinary general meeting of the Company pursuant to Article 58 of the Articles for the purpose of considering and, if though fit, passing the resolutions to (a) remove each of Mr. Lin Peng, Ben and Mr. Wu Tak Lung as a Director; (b) remove any Director appointed between the date of the requisition and the conclusion of the EGM; (c) confirm the appointments of the Four Proposed Directors as Directors with effect from 29 June 2010 and ratify such appointments; and (d) appoint each of Mr. Chiu Pui Yu, Mr. Wong Wai Kin, Mr. Siu Siu Ling Robert and Mr. Wong Po Tin as Director.

Under the law of the Cayman Islands, the Company is required to convene an extraordinary general meeting within two months from the date of a valid requisition. The Board has resolved to convene the EGM on 13 September 2010 to consider, and if thought fit, pass the valid resolutions proposed in the requisition. A circular setting out the details of the resolutions to be proposed at the EGM and the information required under the GEM Listing Rules, together with a notice convening the EGM, has been despatched to the Shareholders.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended at the request of the Company from 9:30 a.m. on 12 July 2010 pending the release of this announcement. The Company has applied for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 30 August 2010.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

Reference is made to the announcement by MAXX Capital International Limited dated 4 August 2010 (the “**Offeror Announcement**”). Terms used herein and not defined herein shall have the same meaning as those defined in the Offeror Announcement unless the context otherwise specifies.

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Finet Group Limited (the “**Company**”) pursuant to Rule 17.10 of the GEM Listing Rules.

Reference is made to the paragraphs headed “Directors and management” of the Offeror Announcement. The Board would like to clarify that:

- (a) Before the exercise of the powers of sale of the Sale Shares, with a view to safeguard the Company’s assets and improving the transparency of the Company’s financial affairs, it was agreed between Dr. Yu Gang, George (“**Dr. Yu**”) and MCFL that MCFL would nominate four new Directors to the Board.
- (b) In the afternoon of 28 June 2010, Dr. Yu and Mr. Lin Peng, Ben (“**Mr. Lin**”), both executive Directors, held a management meeting between themselves relating to the appointment of new Directors. The other Directors were not aware of and were not present at that management meeting.
- (c) In the evening of 28 June 2010, the Directors held a meeting of the Board (the “**June 28 Board Meeting**”) for the purpose of approving the annual results of the Company for the year ended 31 March 2010. All the Directors had been given notice of the June 28 Board Meeting and except for Mr. Lam Ka Wai, Graham, an independent non-executive Director, all the Directors attended that meeting either in person or by phone.

During the June 28 Board Meeting, Dr. Yu briefly advised the Board that he proposed the Board to appoint four additional Directors. However, the Board then did not proceed further to consider the appointments and no resolutions were voted on their appointments.

- (d) On 2 July 2010, the Directors became aware that Mr. Chow Wing Chau (“**Mr. Chow**”), Mr. Yiu Wing Hei (“**Mr. Yiu**”), Ms. Chan Siu Lai (“**Ms. Chan**”) and Mr. Lui Tin Nang (“**Mr. Lui**”) (together the “**Four Proposed Directors**”) had written to the SFC and the Stock Exchange claiming that they were appointed as Directors.
- (e) Following discussion between the Directors and MCFL, the parties realized that there was a misunderstanding in that the Four Proposed Directors (apart from Mr. Yiu who was not introduced to the Board at the June 28 Board Meeting) thought that they were already appointed at the June 28 Board Meeting.
- (f) On 15 July 2010, the Company was provided with copies of the following documents in connection with the appointments of Four Proposed Directors:
 - (i) four invitation letters, all dated 28 June 2010 and signed by Dr. Yu, addressed to the Four Proposed Directors inviting and recommending them to be appointed as Directors;
 - (ii) four letters of appointment, all dated 29 June 2010 and signed by Dr. Yu, purportedly for and on behalf of the Company, addressed to the Four Proposed Directors in connection with the appointment of the Four Proposed Directors as Directors;

- (iii) an undated letter of acceptance signed by Mr. Lui confirming acceptance to his appointment as a Director;
- (iv) a letter dated 12 July 2010 and signed by Mr. Chow (on behalf of Mr. Yiu, Ms. Chan and himself) demanding, among other things, the Company to ratify their appointments as Directors and make proper announcement; and
- (v) the minutes, signed by Dr. Yu as Chairman of the meeting, of a purported meeting of the Board held on 29 June 2010 and attended by Dr. Yu and Mr. Lin, at which the Four Proposed Directors were purportedly appointed as Directors.

The Directors (other than Dr. Yu and the Four Proposed Directors) wish to state that the above documents have not been produced to them for approval. A meeting of the Shareholders to appoint the Four Proposed Directors as Directors was never convened or held. No committee of the Board has been established to approve the appointment of the Four Proposed Directors as Directors. Dr. Yu and Mr. Lin had never been delegated authority by or from the Board to appoint the Four Proposed Directors as Directors.

- (g) The Company has obtained legal advice from its Cayman Islands legal counsel to confirm that, based on the facts presented to them that (i) there were no resolutions of the Board to appoint the proposed Directors and that fact that Dr. Yu and Mr. Lin, being the executive Directors, do not have ostensible authority to appoint the proposed Directors, the Four Proposed Directors were not so appointed. The Company has further been advised that as the Four Proposed Directors were not appointed at the relevant time, it would not now be possible to treat them as if they had been appointed on 28 or 29 June 2010.
- (h) Nonetheless, the Board believes that a genuine misunderstanding has arisen between the Directors and MCFL regarding the appointments of the Four Proposed Directors resulting in the Four Proposed Directors approaching the Stock Exchange and the SFC themselves. This misunderstanding was unfortunate as the Board, having had the opportunity to consider their profiles believes that it would be in the interest of the Company and the Shareholders as a whole if the Four Proposed Directors were appointed.
- (i) Accordingly, the Board would have accepted their appointment as additional Directors in due course. However, their appointments could not have been made as soon as possible after the misunderstanding surfaced as MCFL had, by then, made a mandatory general offer under Rule 26 of the Takeovers Code. Under Rule 26.4 of the Takeovers Code, the Four Proposed Directors, being nominated by MCFL which is a party acting in concert with the Offeror, cannot be validly appointed as Directors until the offer document (the “**Offer Document**”) in relation to the Offers has been despatched.

- (j) On 19 August 2010, a Board meeting was held and the Board resolved to appoint the Four Proposed Directors, subject to their acceptance, with effect immediately after the despatch of the Offer Document.

The Board is pleased to announce that on 25 August 2010, Mr. Chow, Mr. Yiu and Ms. Chan have accepted the appointment as executive Directors and Mr. Lui has accepted the appointment as an independent non-executive Director, and such appointments became effective on 26 August 2010. Set out below is the information on the Four Proposed Directors as required to be disclosed under the GEM Listing Rules in connection with the appointments of the Four Proposed Directors as Directors.

Executive Directors

Mr. Chow, aged 44, is a director of CFD Associates Limited since May 2006. He has more than 15 years of experience on financial control, company secretary, enterprise risk management and fund raising activities. Since 1995, Mr. Chow has held various senior finance and management positions with public companies and private companies in Hong Kong. He graduated with Bachelor of Economics degree from Macquarie University in Australia and is a member of Hong Kong Institute of Certified Public Accountants and is a member of CPA Australia.

Mr. Yiu, aged 30, graduated with a Bachelor degree majoring in Economics and Finance from the University of Hong Kong. He has vast experience in securities trading in Asia and asset management. Mr. Yiu has over 5 years of experience in development of mining projects in Asia, such as Indonesia and the Philippines. He is currently responsible for commodity trading mainly in heavy metal and rare commodities.

Ms. Chan, aged 43, has over 10 years of management experience in retail and property investment industry.

Mr. Chow, Mr. Yiu and Ms. Chan are initially appointed with the Company for a term of one year at director's fee of HK\$60,000 per annum, subject to retirement by rotation and re-election at general meeting of the Company in accordance with the articles of association of the Company.

Saved as disclosed above, each of Mr. Chow, Mr. Yiu and Ms. Chan does not previously hold any position with the Company or any of its subsidiaries or has been a director in any other listed companies in the past three years. Each of Mr. Chow, Mr. Yiu and Ms. Chan is not connected with any directors, senior management, substantial shareholders or controlling shareholders of the Company and has no interest in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, there are no other matters concerning Mr. Chow, Mr. Yiu and Ms. Chan that need to be brought to the attention of the Shareholders nor is there any information relating to Mr. Chow, Mr. Yiu and Ms. Chan that is required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules.

Independent non-executive Director

Mr. Lui, aged 53, is experienced in accounting, auditing, taxation and corporate finance. Mr. Lui graduated with a Bachelor of Science degree from the University of Leeds and a Master degree in business administration from the University of Bradford in United Kingdom. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in English and Wales and an associate member of the Chartered Institute of Management Accountants.

Mr. Lui is initially appointed with the Company for a term of one year at director's fee of HK\$60,000 per annum, subject to retirement by rotation and re-election at general meeting of the Company in accordance with the articles of association of the Company.

Mr. Lui does not previously hold any position with the Company or any of its subsidiaries or has been a director in any other listed companies in the past three years. Mr. Lui is not connected with any directors, senior management, substantial shareholders or controlling shareholders of the Company and has no interest in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, there are no other matters concerning Mr. Lui that need to be brought to the attention of the Shareholders nor is there any information relating to Mr. Lui that is required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules.

As Mr. Lui was nominated by the Offeror, there is an apparent conflict of interest if Mr. Lui were to be included in the independent board committee (the "**Independent Board Committee**") established by the Board to advise the Independent Shareholders in relation to the Offers. The Board has therefore resolved, and Mr. Lui has agreed, that Mr. Lui will not be included in the Independent Board Committee.

REQUISITIONING OF AN EXTRAORDINARY GENERAL MEETING

On 4 August 2010, MCFL and WCIL, being the holders of not less than one-tenth of the paid-up share capital of the Company carrying the right of voting at general meetings of the Company, deposited with the Company a requisition requiring the Directors to convene an extraordinary general meeting of the Company pursuant to Article 58 of the articles of association of the Company (the "**Articles**") for the purpose of considering and, if though fit, passing ordinary resolutions to:

- (a) remove each of Mr. Lin and Mr. Wu Tak Lung from the office as a Director effective from the date of passing of the relevant resolution or the first closing date of the Offers, whichever is later;
- (b) remove any Director appointed between the date of the requisition and the conclusion of the EGM from the date of passing of the relevant resolution or the first closing date of the Offers, whichever is later;

- (c) confirm the appointments of the Four Proposed Directors as Directors with effect from 29 June 2010 and ratify such appointments; and
- (d) appoint each of Mr. Chiu Pui Yu, Mr. Wong Wai Kin, Mr. Siu Siu Ling Robert and Mr. Wong Po Tin as Director on the date of passing of the relevant resolution or the date after which the offer document in respect of the Offers has been posted, whichever is later.

Under the law of the Cayman Islands, the Company is required to convene an extraordinary general meeting within two months from the date of a valid requisition. The Board has agreed to convene an extraordinary general meeting (the “EGM”) on 13 September 2010 notwithstanding the fact that certain of the resolutions proposed in the requisition are invalid. As disclosed above, as the Four Proposed Directors were not appointed by the Board at the relevant time, it is not possible to ratify something which did not take place. Accordingly, the ordinary resolutions proposed in the requisition to confirm the appointments of the Four Proposed Directors as Directors with effect from 29 June 2010 and ratify such appointments are invalid and the Board will not propose such ordinary resolutions at the EGM. In any event, as disclosed above, the Board has resolved to appoint the Four Proposed Directors as Directors, subject to their acceptance, with effect immediately after the despatch of the Offer Document, and on 25 August 2010, the Four Proposed Directors have accepted their appointments effective on 26 August 2010.

A circular setting out the details of the resolutions to be proposed at the EGM and the information required under the GEM Listing Rules, together with a notice convening the EGM, has been despatched to the Shareholders.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended at the request of the Company from 9:30 a.m. on 12 July 2010 pending the release of this announcement. The Company has applied for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 30 August 2010.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

By Order of the Board
Finet Group Limited
Yu Gang, George
Chairman

Hong Kong, 27 August 2010

As at the date of this announcement, the executive Directors are Dr. Yu Gang, George, Mr. Lin Peng, Ben, Mr. Chow Wing Chau, Mr. Yiu Wing Hei and Ms. Chan Siu Lai and the independent non-executive Directors are Dr. Lam Lee G., Mr. Wu Tak Lung, Mr. Lam Ka Wai, Graham and Mr. Lui Tin Nang.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

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 document misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least seven days from the day of its posting and on the website of the Company at www.finet.hk.