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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO

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

Reference is made to the announcement (the “**Announcement**”) of the Company dated 13 April 2023 in relation to, among others, the Rights Issue, the Underwriting Agreement and the Set-Off. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

BACKGROUND

As at the date of this announcement, (i) Ms. Lo is personally and beneficially interested in 43,458,058 Shares, which are deposited in CCASS; and (ii) Maxx Capital, being a company wholly and beneficially owned by Ms. Lo indirectly, is beneficially interested in 391,597,678 Shares, of which 206,439,784 Shares are deposited in CCASS and 185,157,894 Shares are registered in the Company’s share registrar under Maxx Capital’s own name.

As disclosed in the Announcement, 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 which 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 an aggregate of 217,527,868 Rights Shares to which they are 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.

SUPPLEMENTAL UNDERWRITING AGREEMENT

The Board announces that on 24 April 2023, the Company, Maxx Capital and Ms. Lo entered into a supplemental underwriting agreement (the "**Supplemental Underwriting Agreement**"), pursuant to which the parties agreed to amend certain terms of the Underwriting Agreement to the effect that only the Subscription Price in respect of (i) the 92,578,947 Rights Shares to which Maxx Capital is entitled under the Rights Issue in respect of the 185,157,894 Shares which are registered in the Company's share registrar under Maxx Capital's own name; and (ii) the Underwritten Shares will be settled by way of firstly the Set-Off against the Shareholder's Loan and after the Set-Off of the Shareholder's Loan in full, by cash.

It is further agreed among the Company, Maxx Capital and Ms. Lo that (a) the Subscription Price of approximately HK\$10.3 million in respect of (i) the 103,219,892 Rights Shares to which Maxx Capital is entitled under the Rights Shares in respect of the 206,439,784 Shares which are deposited in CCASS; and (ii) the Subscription Price of approximately HK\$2.2 million in respect of the 21,729,029 Rights Shares to which Ms. Lo is entitled under the Rights Shares in respect of the 43,458,058 Shares which are deposited in CCASS will be settled in cash by Maxx Capital and Ms. Lo respectively; and (b) subsequently a sum of approximately HK\$12.5 million would be paid out of the net proceeds of the Rights Issue to Ms. Lo for the repayment of the Shareholder's Loan.

Save as disclosed above, all other terms and conditions of the Underwriting Agreement shall remain unchanged and continue to be in full force and effect in all respects.

SUPPLEMENTAL PLACING AGREEMENT

The Board announces that on 24 April 2023, the Company and the Placing Agent entered into a supplemental placing agreement (the “**Supplemental Placing Agreement**”), pursuant to which the parties agreed to amend the definition of “Set-Off” under the Placing Agreement following the relevant amendments made to the Underwriting Agreement pursuant to the Supplemental Underwriting Agreement.

Save as disclosed above, all other terms and conditions of the Placing Agreement shall remain unchanged and continue to be in full force and effect in all respects.

REASONS FOR THE ENTERING INTO OF THE SUPPLEMENTAL UNDERWRITING AGREEMENT AND THE SUPPLEMENTAL PLACING AGREEMENT

As disclosed in the Announcement, the original purpose of the Set-Off arrangement is to enable the Group to repay the Shareholder’s Loan of up to approximately HK\$24.2 million without cash outflow and allow the Group to reduce its gearing level, and to serve as an incentive for Maxx Capital to act as the underwriter for the Rights Issue.

However, upon further enquiry by the Company, there is a foreseeable technical difficulty for implementing the Set-Off of the Subscription Price in respect of the 103,219,892 Rights Shares to which Maxx Capital is entitled under the Rights Issue and the 21,729,029 Rights Shares to which Ms. Lo is entitled under the Rights Issue, through the CCASS system, where the CCASS system can only carry out a rights issue application by a shareholder in a normal manner (i.e. the shareholder paying the required amount of cash in respect of the number of rights shares applied) and is not able to process a rights issue application by a shareholder if the cash amount for the number of Rights Shares is not paid upon application. In light of such technical difficulty, the Company, Maxx Capital and Ms. Lo agreed to entered into the Supplemental Underwriting Agreement to the effect that (i) Maxx Capital would first settle the aggregate Subscription Price in respect of the 103,219,892 Rights Shares of approximately HK\$10.3 million in cash; and (ii) Ms. Lo would first settle the aggregate Subscription Price in respect of the 21,729,029 Rights Shares of approximately HK\$2.2 million in cash, and subsequently, a sum of approximately HK\$12.5 million (which is equivalent to the aggregate Subscription Price to be settled by Maxx Capital and Ms. Lo in cash) would be paid out of the net proceeds of the Rights Issue to Ms. Lo for the repayment of the Shareholder’s Loan.

Taking into account that (i) the sole purpose of the entering into of the Supplemental Underwriting Agreement and the Supplemental Placing Agreement is to deal with the technical difficulty for implementing the Set-Off through the CCASS system; (ii) the gross proceeds from the Rights Issue before the Set-Off will remain to be the same; and (iii) the estimated amount of net proceeds from the Rights Issue to be allocated for the expansion of the IR Business in Hong Kong and the PRC and the general working capital of the Group will remain to be the same, the Board (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) considers that the terms of the Supplemental Underwriting Agreement and the Supplemental Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

REVISED USE OF PROCEEDS

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. Assuming all Qualifying Shareholders have taken up their entitlements under the Rights Issue, the net proceeds from the Rights Issue (after deducting the estimated expenses, and after the Set-Off of approximately HK\$9.3 million) is estimated to be approximately HK\$23.4 million (assuming no change in the number of Shares in issue on or before the Record Date) or approximately HK\$24.0 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 (the “**Net Proceeds**”) as follows: as to (i) approximately HK\$12.5 million for the repayment of the Shareholder’s Loan (the “**Shareholder’s Loan Repayment Amount**”); (ii) approximately 90% of the amount equivalent to the difference between the Net Proceeds and the Shareholder’s Loan Repayment Amount for the expansion of the IR Business in Hong Kong and the PRC; and (iii) the remaining balance for the general working capital of the Group.

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 (as supplemented by the Supplemental Underwriting Agreement) having become unconditional and the Underwriter not having terminated the Underwriting Agreement (as supplemented by the Supplemental 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.

The Board confirmed that the supplemental information provided in this announcement does not affect any other information contained in the Announcement and, save as disclosed above, the contents of the Announcement remain unchanged.

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

Hong Kong, 24 April 2023

As at the date of this announcement, 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.