THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Finet Group Limited (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE INTERESTS IN A PROPERTY HOLDING COMPANY

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

八方金融有限公司
OCTAL Capital Limited

Terms used in this cover shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 5 to 15 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in connection with the Acquisition are set out on pages 16 to 17 of this circular. A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice and recommendation in connection with the Acquisition, is set out on pages 18 to 30 of this circular.

A notice convening a special general meeting of the Company to be held on 24 August 2017 at 11:00 a.m. at 30/F, Fortis Tower, 77–79 Gloucester Road, Wanchai, Hong Kong is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

4 August 2017

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

In this circular, the following terms shall have the meanings set out below unless the context requires otherwise:

"Acquisition"	the acquisition by the Purchaser from the Vendor of the Sale Share pursuant to the New Provisional Agreement A
"Board"	the board of Directors
"Business Day(s)"	a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no. 8 or above or a "black" rainstorm warning is hoisted at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business
"BVI"	the British Virgin Islands
"Company"	Finet Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liabilities and the issued Shares of which are listed on GEM
"Completion"	completion of the sale and purchase of the Sale Share under the New Provisional Agreement A and the Supplemental Agreement A
"Completion Date"	the date which the conditions as set out in paragraph headed "Conditions precedent" in the Letter from the Board is fulfilled or such other date to be agreed between the Purchaser and the Vendor in writing
"connected person(s)"	meanings as ascribed pursuant to the GEM Listing Rules
"Consideration A"	the aggregate consideration payable by the Purchaser for the Sale Share in accordance with the terms of the Supplemental Agreement A
"Controlling Shareholder"	meanings as ascribed pursuant to the GEM Listing Rules
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group as enlarged by the Target Company A
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	Rules Governing the Listing of Securities on the GEM
"Group"	the Company and its subsidiaries

"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent board committee of the Board, comprising all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the New Provisional Agreement A and the Supplemental Agreement A and the transaction contemplated thereunder
"Independent Financial Adviser"	Octal Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the New Provisional Agreement A and the Supplemental Agreement A and the transaction contemplated thereunder
"Independent Shareholders"	the Shareholders other than those who are required under the GEM Listing Rules to abstain from voting at the SGM for the resolutions approving the New Provisional Agreement A and the Supplemental Agreement A and the transaction contemplated thereunder
"Latest Practicable Date"	3 August 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Long Stop Date"	29 December 2017 or such date as the Purchaser and the Vendor may agree in writing pursuant to the New Provisional Agreement A and the Supplemental Agreement A
"Ms. Lo"	Ms. Lo Yuk Yee, the ultimate Controlling Shareholder (as defined in the GEM Listing Rules), the chairman, the executive Director of the Company, and a director and the sole beneficial owner of the entire share capital of the Target Company A
"Net Consideration A"	the amount of the Consideration A adjusted by the consideration adjustment of the Target Company A as stated in paragraph headed "Consideration adjustment" in the Letter from the Board
"Net Tangible Asset Value"	for Target Company A, the aggregate of all tangible assets which are readily convertible into cash or cash equivalents (excluding the Property A, any intangible assets and other fixed assets and deferred tax), less the aggregate of all liabilities (actual, contingent or otherwise) and provisions of the Target Company A as at the Completion Date

"New Provisional Agreement A"	the provisional agreement for sale and purchase dated 11 May 2017 entered into between the Purchaser and the Vendor in relation to the acquisition of the TCA Sale Share, which is to replace the Previous Provisional Agreement A dated 24 April 2017
"Pink Angel"	Pink Angel Investments Limited, an investment holding company incorporated in the BVI with limited liability, whose principal asset is the ownership of the 100% interest in the Pink Angel Property
"Pink Angel Property"	Unit 901 & 902 on 9th floor, China Merchants Tower, Shun Tak Centre, Nos. 168–200 Connaught Road Central, Hong Kong
"PRC"	The People's Republic of China and for the purpose of this circular, excluding Taiwan, Hong Kong and Macau
"Previous Provisional Agreement A"	the provisional agreement for sale and purchase dated 24 April 2017 entered into between the Purchaser and the Vendor in relation to the acquisition of the TCA Sale Share
"Property A"	the property at Unit C, 11/F, Bank of East Asia Harbour View Center, Hong Kong
"Purchaser"	Source Mega Properties Limited, a company incorporated in Hong Kong with limited liability and its registered office address is Flat C, 11/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, an indirect wholly-owned subsidiary of the Company
"Sale Share"	the TCA Sale Share
"SGM"	a special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Acquisition and the transaction contemplated thereunder
"Share(s)"	shares of HK$0.01 each in the capital of the Company
"Shareholder(s)"	holders of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Agreement A"	the supplemental provisional agreement for sale and purchase dated 13 July 2017 entered into between the Purchaser and the Vendor in relation to the acquisition of the TCA Sale Share
"Target Company A"	Maxon Management Limited, a company incorporated in Hong Kong with limited liability

"TCA Sale Share"	1 share of HK$1 each in the issued share capital of the Target Company A, representing the entire issued share capital of the Target Company A
"Termination Agreement A"	the termination agreement entered into between the Purchaser and the Vendor dated 11 May 2017, pursuant to which the Purchaser and the Vendor agreed to terminate the Previous Provisional Agreement A dated 24 April 2017
"Track Record Period"	the three years ended 31 December 2016 and the three months ended 31 March 2017
"Valuer"	Ascent Partners Valuation Service Limited, an independent professional valuer
"Vendor"	Pablos International Limited, a company incorporated in the BVI with limited liability, its registered office address is PO Box 957, Offshore Incorporations Centre Road Town, Tortola, British Virgin Islands and indirect wholly-owned by Ms. Lo
"Vendor Guarantor"	Ms. Lo
"HK$" or "HKD"	Hong Kong dollar(s), lawful currency of Hong Kong
"sq. ft."	square foot
"US$"	United States dollars, the lawful currency in the United States of America
"%"	per cent

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)

Executive Directors:
Ms. Lo Yuk Yee
Mr. Chow Wing Chau
Mr. Yiu Wing Hei

Independent non-executive Directors:
Mr. Wong Wai Kin
Mr. Siu Siu Ling, Robert
Mr. Leung Chi Hung

Registered Office:
Clarendon House 2
Church Street
Hamilton HM11
Bermuda

Head Office and Principal Place of Business in Hong Kong:
Room C, 11/F.
Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

4 August 2017

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE INTERESTS IN A PROPERTY HOLDING COMPANY

INTRODUCTION

The Acquisition is concluded after a series of negotiation between the Vendor and the Purchaser. Reference is made to the announcements of the Company dated i) 24 April 2017 in relation to the acquisitions of the entire interests in three property holding companies; ii) 11 May 2017 in relation to the termination of the previous provisional agreements and the acquisitions of the entire interests in two property holding companies; iii) 21 June 2017 in relation to the termination of the provisional agreements in relation to the acquisition of the entire interests in two property holding companies; and iv) 13 July 2017 being the

supplemental announcement in relation to the acquisition of the entire interests in a property holding company. The purpose of this circular is to provide you with, among other things, further details of the Acquisition.

THE PREVIOUS PROVISIONAL AGREEMENT A

On 24 April 2017, the Purchaser and the Vendor entered into the Previous Provisional Agreement A, pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the TCA Sale Share for the consideration of HK$54 million (subject to adjustment).

THE TERMINATION AGREEMENT A

On 11 May 2017, the Purchaser and the Vendor entered into the Termination Agreement A, pursuant to which, the Previous Provisional Agreement A should be terminated and ceased to have any effect on the parties thereto. With reference to the valuation of the Property A as at 30 April 2017, which reflected an increase in market value of the Property A, the Purchaser and the Vendor, after arm's length negotiation and discussion, entered into the Termination Agreement A.

THE NEW PROVISIONAL AGREEMENT A AND THE SUPPLEMENTAL AGREEMENT A

Sale and purchase:

On 11 May 2017, the Purchaser and the Vendor entered into the New Provisional Agreement A, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the TCA Sale Share, being the entire issued share capital of the Target Company A, at the consideration of HK$58 million (subject to adjustment) upon the Completion.

On 13 July 2017, the Purchaser and the Vendor entered into the Supplemental Agreement A, pursuant to which, the consideration of the acquisition of the TCA Sale Share stated in the New Provisional Agreement A is amended to HK$54 million (subject to adjustment).

Assets to be acquired:

Pursuant to the New Provisional Agreement A, the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the TCA Sale Share, at the consideration of HK$58 million, which is amended to HK$54 million pursuant to Supplemental Agreement A, upon the Completion.

The TCA Sale Share

The TCA Sale Share to be acquired under the New Provisional Agreement A consists of 1 share of US$1 each of the Target Company A, representing the entire issued share capital of the Target Company A. It is remain unchanged pursuant to the Supplemental Agreement A.

As at the Latest Practicable Date, the Vendor is the sole and beneficial owner of 100% equity interest of the Target Company A. The only principal asset of the Target Company A is the Property A, which is a commercial premise located in Wan Chai, Hong Kong with a saleable area of approximately 1,755 square feet.

The total original acquisition cost of 100% interest in the Property A paid by the Target Company A is HK$17,291,860 (or HK$16,484,000 excluding ancillary charges and stamp duty), which was, as advised by the Vendor, determined based on arm's length negotiations with reference to the then-market condition and completed on 20 April 2007.

Consideration A:

The Consideration A in respect of the Supplemental Agreement A is HK$54 million (subject to adjustment), which will be settled by the Purchaser in cash.

The Consideration A was determined between the Vendor and the Company after arm's length negotiations and was on normal commercial terms, taking into account the preliminary valuation on the Property A of HK$58 million as at 30 April 2017 and 31 July 2017 provided by the Valuer and arrived at using the market approach. Given that the valuation of the Property A is higher than the Consideration A, the Directors believe that the consideration is fair and reasonable and in the interest of the Shareholders and the Company as a whole. The advantage of the Acquisition is stated in paragraph headed "Reason for the entering of the Termination Agreement A and the New Provisional Agreement A and Reasons for and Advantage of the Acquisition" below.

A final valuation on the Property A is set out in the valuation report which is included in Appendix IV of this circular for your reference. The adjustment to be made with reference to the Net Tangible Asset Value of the Target Company A is stated in paragraph headed "Consideration adjustment" below.

Based on the Net Tangible Asset Value of the Target Company A of approximately HK$(17.91) million as at 31 March 2017, the Net Consideration A would be approximately HK$36.09 million.

The Directors (including the independent non-executive Directors) are of the view that the Consideration A is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Terms of payment

The Consideration A of HK$54 million shall be payable by the Purchaser to the Vendor in the following manner:

(i) HK$5.4 million shall be payable by transferring the deposit of HK$5.4 million under the Previous Provisional Agreement A; and

(ii) the remaining balance of HK$48.6 million (subject to adjustment) shall be payable in cash upon the Completion.

Personal guarantee

The Vendor Guarantor, as primary obligor and not merely as surety, unconditionally and irrevocably guarantees to the Purchaser, and on the Completion Date unconditionally and irrevocably guarantees to the Purchaser and the Company, the due observance and performance by the Vendor of all the agreements, obligations, commitments and undertakings contained in the New Provisional Agreement A and the Supplemental Agreement A on the part of the Vendor to be observed and performed and that the warranties given or provided by the Vendor to the Purchaser and/or the Company under the New Provisional Agreement A and the Supplemental Agreement A are true, accurate and correct. The Vendor Guarantor also undertakes and agrees to indemnify the Purchaser and the Company and keeps the Purchaser and the Company fully indemnified against all losses, costs, expenses and damages whatsoever which may be sustained by the Purchaser and/or the Company by reason of or in connection with any failure of the Vendor to perform any of the guaranteed obligations or breach of any of the warranties.

Consideration adjustment

The Vendor undertake to deliver to the Purchaser or the Purchaser's solicitors at least five (5) days prior to the Completion Date the proforma accounts comprising a proforma profit and loss account of the Target Company A for the period from the beginning of the current financial year to the Completion Date and a proforma balance sheet of the Target Company A as at the Completion Date. If the Net Tangible Asset Value as shown in the proforma accounts is more or less than zero, the balance of payments to be paid upon the Completion shall be adjusted upwards or downwards (as the case may be) accordingly in the manner as follows:

(i) it shall be added to the balance all current and non-current tangible assets of the Target Company A as shown in the proforma accounts including rentals receivable (if applicable) (up to and inclusive of the Completion Date), utilities and other miscellaneous deposits, prepaid rates and government rent, and other expenses relating to the Property A (up to but exclusive of the Completion Date); and

(ii) it shall be deducted from the balance all liabilities of the Target Company A as shown in the proforma accounts.

The Vendor undertake to deliver to the Purchaser or the Purchaser's solicitors within 30 days from the Completion Date the financial statements audited by certified public accountants (practicing) of the Target Company A for the period from the beginning of the current financial year to the Completion Date. If the Net Tangible Asset Value as shown in the audited financial statements is more or less than the Net Tangible Asset Value as shown in the proforma accounts, the Purchaser or the Vendor (as the case may be) shall pay the difference to the other party within five (5) days from the date of receipt of the issue of the audited financial statements.

Based on the Net Tangible Asset Value of the Target Company A of approximately HK$(17.91) million as at 31 March 2017, the Net Consideration A would be approximately HK$36.09 million.

Source of funding

The Consideration A shall be approximately HK$54 million (subject to adjustment) which shall be satisfied by the Purchaser at the Completion in cash to the Vendor (or their nominee(s)). The Company will finance the Consideration A by internal resources. As at 31 March 2017, the annual report of the Group shows a cash balance of approximately HK$57.02 million. The Directors of the Group also foresee a cash inflow of approximately HK$41 million from disposal of Pink Angel.

In the Board meeting (which Ms. Lo abstained from voting), the Directors (other than members of the Independent Board Committee, who will give their opinion after having considered the recommendation from the Independent Financial Adviser) consider that the Consideration A for the Acquisition arrived at after arm's length negotiation is fair and reasonable as the Consideration A has taken into account, (i) the reasons stated in the paragraph headed "Reason for the entering of the Termination Agreement A and the New Provisional Agreement A and reasons for and advantage of the Acquisition" in this letter; (ii) the future prospects of the property market in Hong Kong; and (iii) the valuation by the Valuer for the Property A.

The Directors (other than members of the Independent Board Committee, who will give their opinion after having considered the recommendation from the Independent Financial Adviser) consider that although the Acquisition is not in the ordinary course of business of the Company, the terms of the New Provisional Agreement A and the Supplemental Agreement A is fair and reasonable, in normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

The Completion of the Acquisition is subject to and conditional upon, the fulfilment or waiver of, the following conditions precedent:

(i) the Purchaser having completed its respective due diligence reviews on the business, financial, legal and other aspects of the Target Company A and satisfied with the results;

(ii) the Vendor having procured the Company to give and prove a good title to the Property A in accordance with Sections 13A and 13 of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong);

(iii) the New Provisional Agreement A and the Supplemental Agreement A is conditional upon the transaction contemplated thereunder being approved by the Independent Shareholders at the SGM.

Pursuant to the terms of the New Provisional Agreement A and the Supplemental Agreement A, the Long Stop Date would be 29 December 2017.

Completion

The Completion shall take place within eight (8) Business Days following the date on which the last of the conditions precedent to the New Provisional Agreement A and the Supplemental Agreement A being fulfilled or waived (as the case may be) or such other date as the parties to the New Provisional Agreement A and the Supplemental Agreement A may agree in writing.

Upon the Completion, the Target Company A will become a wholly-owned subsidiary of the Company and the financial results of the Target Company A will be consolidated into the financial statements of the Group.

INFORMATION ON THE COMPANY

The Company is an investment holding company and its subsidiaries are principally engaged in the securities and futures business that specializes in the provision of online securities and futures trading, and the development, production and provision of financial information services and technology solutions to corporate and retail clients.

INFORMATION ON THE VENDOR

Ms. Lo is the chairman and executive Director of the Company, and is the sole ultimate beneficial owner of Maxx Capital International Limited, the Controlling Shareholder of the Company, holding 297,497,842 Shares of the Company as at Latest Practicable Date, representing 56.24% of the entire issued share capital of the Company. Therefore, Ms. Lo is a connected person of the Company as defined under Chapter 20 of the GEM Listing Rules.

The Vendor is a company incorporated in the BVI with limited liability. It is indirect wholly-owned by Ms. Lo, who is a connected person of the Company by virtue of her being the chairman, the executive Director and the Controlling Shareholder. For the New Provisional Agreement A and the Supplemental Agreement A, the agreement was supported by personal guaranteed from Ms. Lo, which guaranteed to the Purchaser all the obligations and commitments to be fulfilled. Directors were confident that the agreement will be enforced according to the terms stated in the New Provisional Agreement A and the Supplemental Agreement A.

INFORMATION ON THE PURCHASER

The Purchaser is an investment holding company incorporated in Hong Kong with limited liability, and is an indirect wholly-owned subsidiary of the Company.

INFORMATION ON THE TARGET COMPANY

The Target Company A is a company incorporated in Hong Kong with limited liability on 24 September 2004 and is principally engaged in investment holding, which is wholly-owned by the Vendor and is indirect wholly-owned by Ms. Lo. The principal asset of the Target Company A would be the Property A. The address of the Property A is Unit C, 11/F, Bank of East Asia Harbour View Center, Hong Kong. For the Property A which is currently leased for office use, there is no restriction on the existing use and the proposed use as office after the Acquisition or lease expiry.

The accountants' report of the Target Company A for the Track Record Period contained a qualified opinion in relation to the fair value of the investment properties as at 31 December 2014, 2015 and 2016, as the fair value of the investment properties were assessed by the Directors of the Target Company A based on their own judgement. Despite the qualified opinion, the Directors obtained an independent property valuer's assessment on the fair value of the investment properties as at 31 March 2017, which the Valuer's assessment would serve to be most appropriate and applicable. Therefore the aforementioned qualified opinion should have no effect on the acquisition of Target Company A.

The market value of Property A was at HK$58 million as at 30 April 2017 and 31 July 2017 with reference to the property valuation report in appendix IV of this circular.

INFORMATION ON THE PROPERTY A

Set out below is the detail of the Property A held by Target Company A, details of the respective tenancy and the original acquisition costs and the date of the Target Company A:

Property	**Saleable area** *(sq. ft.)*	**Registered owner**	**Status**	**Lease term** *(years)*	**Monthly rent** *(HK$)*	**Connected person's original acquisition cost and date** *(HK$)*
Property A	1,755	Maxon Management Limited	leased	2	124,800	17,291,890 20 April 2007

REASON FOR THE ENTERING OF THE TERMINATION AGREEMENT A AND THE NEW PROVISIONAL AGREEMENT A AND REASONS FOR AND ADVANTAGE OF THE ACQUISITION

The Group is principally engaged in (i) the development, production and provision of financial information services and technology solutions to corporate and retail clients in Hong Kong and the People's Republic of China; (ii) media business; (iii) the securities and futures business that specializes in the provision of online securities and futures trading; (iv) money lending business; and (v) property investments.

The Property A is currently leased by the Group as the office, the Directors believe that it would be a disadvantage for the Group as a whole to lease, reallocate to and renovate a new office, as the cost induced would be substantial especially when the Company needs to look for an alternative office in a prime location like Property A.

Notwithstanding the lease agreement of the Property A which is going to be expired on 11 January 2019, has yet expired, the reasons for the Acquisition is that the Directors believe the Group and its shareholders as a whole can benefit from (i) the future value appreciation of the Property A, in particular since the Directors foresee an upward trend in the property market of Hong Kong; and (ii) the reduced cash outflow related to office rental.

Due to the recent change of the Hong Kong property market, the Vendor is of the view to seek potential purchasers in the market and to sell the Property A in a more favourable consideration. The Purchaser entered into the Previous Provisional Agreement A with the Vendor on 24 April 2017. Couple days later, the Vendor was of the view that given the then-property development in Hong Kong was generally in boom and the considerations under the Previously Provisional Agreement A could not reflect the fair value of the Property A. The Vendor then tried to terminate the Previous Agreement A.

After the Vendor proposed to enter into the Termination Agreement A and the New Provisional Agreement A, the Directors had requested the Vendor to honour the fixed and legally binding terms in the Previous Provisional Agreement A and stated to the Vendor that the Company had the rights and would proceed to the Previous Provisional Agreement A. The Vendor nevertheless expressed strong views and position otherwise. By virtual of arm's length negotiation, the Purchaser and the Vendor entered into the Termination Agreement A and the New Provisional Agreement A with a consideration of HK$58 million.

Although the Company entered into the Termination Agreement A and the New Provisional Agreement A, the Directors still negotiated at their best efforts with the Vendor trying to persuade the Vendor to honour the terms in the Previous Provisional Agreement. After a series of in-depth negotiation, both the Directors and the Vendor agreed that it is fair and reasonable to the Company and its Shareholders for the Company to enter into the Supplemental Agreement A with the consideration of the Acquisition amended to HK$54 million.

The Directors have taken the recent change in the property index of office properties (For January to April 2017) into consideration when entering into the Previous Provisional Agreement A and the New Provisional Agreement A and the Supplemental Agreement A:

Private offices — price indices by grade (All districts)
(1999 = 100)

Year/Month		Grade A
2017	1*	414.8
	2*	426.4
	3*	440.3
	4*	456.1

Private offices — rental and price indices for grade A *(Note 1)* **offices in core districts**
(1999 = 100)

		Rents		Prices
Year/Month		Sheung Wan/ Central	Wan Chai/ Causeway Bay	Core Districts *(Note 2)*
2017	1*	303.4	237.1	390.5
	2*	310.0	247.2	401.3
	3*	305.0	243.3	429.2
	4*	308.7	246.2	455.9

Note 1: Grade A means properties which are modern with high quality finishes; flexible layout; large floor plates; spacious, well decorated and circulation areas; effective central air-conditioning; good lift services zoned for passengers and goods deliveries; professional management; parking facilities normally available.

Note 2: Core Districts means Sheung Wan/Central, Wan Chai/Causeway Bay and Tsim Sha Tsui.

The above index is from Rating and Valuation Department. As shown in the above index, the grade A properties index increased from 414.8 in January to 456.1 in April. The rental index for Sheung Wan/Central and Wan Chai/Causeway Bay increased from 303.4 in January to 308.7 in April and from 237.1 in January to 246.2 in April respectively. The price index for core districts increased from 390.5 in January to 455.9 in April respectively. Directors were of the view that the Consideration A could reflect the fair value of the Property A.

The Target Company A was held by Ms. Lo before the Completion. The Property A is currently leased by the Group at a monthly rental of HK$124,800 under the continuing connected transactions announced by the Company on 12 January 2017. Upon the

Completion, the Group intends to continue utilising the Property A as office for the Group's securities and futures business, in particular, the asset management business (SFO licensed Type 9 regulated activity) of the Group.

In addition, the fair value of the Property A at HK$58 million is considered by the Directors fair and reasonable with reference to the valuation report by the Valuer as at 30 April 2017 and 31 July 2017 which is higher than the consideration stated in the Supplemental Agreement A.

After considering the above said factors, the Company believed that it is fair, reasonable and in the interest of the Company and the Shareholders to enter into the Supplemental Agreement A.

The Acquisition, which is financed by internal resources of the Group, would have negative impact on the Company's cash flows position.

As at the Latest Practicable Date, the Directors do not have any intention, arrangement, agreement, understanding, negotiation on any disposal/termination/scaling-down of the Company's business after the Acquisition. Ms. Lo and her associates also do not intend to inject assets, and or business into the Company after the Acquisition.

The Directors (other than members of the Independent Board Committee, who will give their opinion after having considered the recommendation from the Independent Financial Adviser) consider that although the Acquisition was not in the ordinary course of business of the Company, the terms of the New Provisional Agreement A is fair and reasonable, and in normal commercial terms and in the interests of the Company and the Shareholders as a whole.

IMPLICATION UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitute major transactions on the part of the Company under Chapter 19 of the GEM Listing Rules.

The Vendor is indirect wholly-owned by Ms. Lo, the chairman, the executive Director and the Controlling Shareholder holding approximately 56.24% shareholding of the Company as at the Latest Practicable Date and hence the Vendor is a connected person of the Company. As such, the New Provisional Agreement A and the transaction contemplated thereunder will constitute connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

The New Provisional Agreement A and the transaction contemplated thereunder are therefore subject to, among others, the reporting, announcement and the approval of the Independent Shareholders at the SGM under the GEM Listing Rules.

SGM

A notice of the SGM to be held at 30/F, Fortis Tower, 77–79 Gloucester Road, Wanchai, Hong Kong on 24 August 2017 at 11:00 a.m. is set out on pages SGM-1 to SGM-2 of this circular. At the SGM, an ordinary resolution will be proposed to consider and, if thought fit, to approve the New Provisional Agreement A and the transaction contemplated thereunder.

The ordinary resolution to be proposed at the SGM to approve the New Provisional Agreement A and the transaction contemplated thereunder will be determined by way of poll by the Independent Shareholders in accordance with the GEM Listing Rules.

Any Shareholders with a material interest in the Acquisition and their associates will abstain from voting on the ordinary resolution approving the Acquisition at the SGM. Ms. Lo and her associates will abstain from voting at the SGM on the relevant resolutions to approve the Supplemental Agreement A and the transaction contemplated thereunder. A form of proxy for use in connection with the SGM is enclosed with this circular.

Whether or not you intend to attend the SGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event by not less than 48 hours before the time appointed for holding the SGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending the voting in person at the SGM (or any adjourned meeting thereof) should you so wish.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of
Finet Group Limited
Lo Yuk Yee
Chairman

Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Acquisition.

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)

4 August 2017

To the Independent Shareholders

Dear Sirs or Madams,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE INTERESTS IN A PROPERTY HOLDING COMPANY

We refer to the circular dated 4 August 2017 of the Company (the "**Circular**") of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the terms of the New Provisional Agreement A and the Supplemental Agreement A is fair and reasonable so far as the Independent Shareholders are concerned and whether the Acquisition is in the interests of the Company and the Shareholders as a whole. Octal Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

We wish to draw your attention to the "Letter from the Board" set out on pages 5 to 15 of the Circular which contains, among other things, information about the Acquisition, and the "Letter from the Independent Financial Adviser" set out on pages 18 to 30 of the Circular which contains the Independent Financial Adviser's advice in respect of the Acquisition.

Having considered (i) the reasons for and the benefits of the Acquisition as set out in the "Letter from the Board"; and (ii) the principal factors and reasons taken into account by Octal Capital Limited in arriving at its opinion regarding the Acquisition as set out in the "Letter from the Independent Financial Adviser", we consider that the terms of the New

Provisional Agreement A and the Supplemental Agreement A is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned. Although the Acquisition is not in the ordinary and usual course of business of the Company, the Acquisition is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution set out in the notice of the SGM in respect of the Acquisition.

Yours faithfully,
For and on behalf of
The Independent Board Committee of

Finet Group Limited

Mr. Wong Wai Kin **Mr. Siu Siu Ling, Robert** **Mr. Leung Chi Hung**

Independent non-executive Directors

Octal Capital Limited
802–805, 8th Floor, Nan Fung Tower
88 Connaught Road Central
Hong Kong

4 August 2017

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Provision Agreements in relation to the Acquisition, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company dated 4 August 2017 (the "**Circular**"), of which this letter forms a part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as ascribed to them under the section headed "Definitions" in the Circular.

Reference is made to the announcements of the Company dated 24 April 2017, 11 May 2017, 21 June 2017 and 13 July 2017. On 24 April 2017 (after trading hours), the Purchaser and the Vendor entered into the Previous Provisional Agreement A, pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the TCA Sale Share for the consideration of HK$54,000,000 (subject to adjustment), which shall be payable by the Purchaser to the Vendor (or its nominee(s)) in cash.

On 11 May 2017, the Purchaser and Vendor entered into the Termination Agreement A to terminate the Previous Provisional Agreement A; and (ii) entered into the New Provisional Agreement A, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the TCA Sale Share at the Consideration A of HK$58,000,000 (subject to adjustment).

On 13 July 2017, the Purchaser and the Vendor entered into the Supplemental Agreement A, pursuant to which the TCA Sale share is amended to HK$54,000,000 (subject to adjustment).

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitute major transactions on the part of the Company under Chapter 19 of the GEM Listing Rules.

The Vendor is indirectly wholly-owned by Ms. Lo, the Chairman, the executive Director and the Controlling Shareholder holding approximately 56.24% shareholding of the Company as at the Latest Practicable Date and hence the Vendor is connected person of the Company. As such, the New Provisional Agreement A, the Supplemental Agreement A and the transactions contemplated thereunder will constitute connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

The New Provisional Agreement A, the Supplement Agreement A and the transactions contemplated thereunder are therefore subject to, among others, the reporting, announcement and the approval of the Independent Shareholders at the SGM under the GEM Listing Rules.

An independent board committee, comprising all the independent non-executive Directors, namely Mr. Wong Wai Kin, Mr. Siu Siu Ling, Robert and Mr. Leung Chi Hung, has been established to advise the Independent Shareholders as to whether the terms of the Provisional Agreements are fair and reasonable and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, conducted on normal commercial terms or better and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole; and to give a recommendation to the Independent Shareholders in respect of the voting on the resolutions to be proposed at the EGM.

As at the Latest Practicable Date, we are not connected with the Directors, chief executive and substantial shareholders of the Company or Vendor A or Ms. Lo or any of their respective subsidiaries or associates and are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. During the last two years, there was no previous engagement between us and the Company or Vendor or Ms. Lo or any of their respective subsidiaries or associates. Apart from normal professional fees payable to us by the Company in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the directors, chief executive and substantial shareholders of the Company or Vendor or Ms. Lo or any of their respective subsidiaries or associates.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular as provided by the management of the Company were true at the time they were made and continue to be true as at the date of the Circular. We have also relied on our discussion with the management of the Company regarding the New Provisional Agreement A and the Supplemental Agreement A including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the management of the Company respectively in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us

by the management of the Company. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, Vendor and Ms. Lo and their respective associates, nor have we carried out any independent verification of the information supplied to us.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the principal factors and reasons set out below:

1. Information of the Company

1.1 Background and business of the Company

As set out in the Circular, The Group is principally engaged in (i) the development, production and provision of financial information services and technology solutions to corporate and retail clients in Hong Kong and the PRC; (ii) media business; (iii) the securities and futures business that specializes in the provision of online securities and futures trading; (iv) money lending business; and (v) property investments.

With reference to the annual report of the Company for the year ended 31 March 2017 (the "**2016/17 Annual Report**"), the Group continued to broaden its revenue bases and to better utilize its resources by tapping on the property investment to enjoy stable income and positive contribution to the financial results of the Group. As advised by the Directors, Ms. Lo, who is one of the executive Directors of the Company, has over 25 years' experience in property market. She had been active in the commercial and residential property market in Hong Kong and the PRC. The profit generated from property investments had amounted to HK$1 billion over the last 30 years. She had been involved in restructuring of buildings and conversion of use of old industrial buildings. She had been dealing in more than 100 property transactions in her past 25 years. As advised by the Company, the Property A has been occupied by the Group as its securities and futures business since January 2017. The Directors expect that the Company will continue to utilize the Property A for the operation of its securities and futures business. Upon Completion, it is expected that the future earnings of the Group would be improved by the saving in rental cost of utilizing the Property A.

Having considered the Property A being utilised by the Group and the rental cost-saving benefit of the Acquisition, together with the reasons for the Acquisition as set out in paragraph headed "Reasons for and benefits of the Acquisition and the termination of the Previous Provisional Agreement A", we consider that the Acquisition, whilst not in the ordinary course of business of the Group, is beneficial to the Group.

1.2 Historical financial information of the Company

Set out below is the financial highlight of the Group in accordance with the Hong Kong Financial Reporting Standards, as extracted from the 2016/17 Annual Report:

	For the year ended 31 March	
	2016	**2017**
	(Audited)	(Audited)
	(HK$'000)	*(HK$'000)*
Revenue	11,183	10,766
Profit/(loss) attributable to owners of the Company	(35,957)	(29,122)
Cash and cash equivalents	25,718	57,016
Total assets	140,305	205,730
Total liabilities	53,786	117,852
Net assets	86,519	87,878

For the year ended 31 March 2017

From the above table, we note that the Group recorded revenue of approximately HK$10.8 million for the year ended 31 March 2017 ("**FY2017**"), representing a decrease of approximately HK$417,000 or 3.7% as compared to approximately HK$11.2 million for the year ended 31 March 2016 ("**FY2016**"), which was mainly attributable to (i) an increase in loan interest income of approximately HK$1.2 million from money lending business; (ii) a decrease in income from financial information services and advertising services of approximately HK$153,000; (iii) a decrease in the income from securities and futures business of approximately HK$293,000; and (iv) a decrease in rental income from property investment business of approximately HK$1.2 million.

As at 31 March 2017, total assets of the Group mainly comprised investment properties which primarily consisted of properties located in Hong Kong and the PRC as well as cash and cash equivalents. The investment properties increased by approximately HK$9.7 million to HK$89.1 million, which is mainly due to a fair value gain of approximately HK$9.7 million. Cash and cash equivalents amounted to HK$57.0 million as at 31 March 2017, representing an increase of approximately 221.7% as at 31 March 2016.

2. Information of the Target Company A

Set out below are the details of the Target Company A.

Target Company A, which is an investment holding company incorporated in Hong Kong with limited liability, is wholly-owned by the Vendor. The Vendor is indirectly wholly-owned by Ms. Lo. As advised by the Directors, the Target Company A was mainly set up for the purpose of acquisition and holding of the Property A which is the principal asset of the Target Company A. The address of Property A is Unit C, 11/F, Bank of East Asia Harbour View Center, Hong Kong. Set out below is the key financial data of the Target Company A:

	For the year ended 31 December		**For the three months ended 31 March**
	2015	**2016**	**2017**
	(Audited)	(Audited)	(Audited)
	(HK$'000)	*(HK$'000)*	*(HK$'000)*
Revenue	1,092	1,092	407
Net Profit/(loss) before taxation	(3)	30,011	2,153
Net Profit/(loss) loss after taxation	(3)	30,011	2,153
Net assets	3,927	33,938	36,090

3. Information of the Property A

Set out below are the details of the Property A held by Target Company A.

Nature	Commercial
Address	Unit C, 11/F Bank of East Asia Harbour View Center Hong Kong
Saleable area *(sq. ft.)*	1,755
Registered Owner	Maxon Management Limited
Status	Leased
Monthly rent *(HK$)*	124,800
Intended use after Completion	Group's office
Consideration *(HK$)*	54,000,000

4. Valuation report

Pursuant to the Letter from the Board, the valuation of the Property A conducted by the Valuer is one of the major factors in determining the Consideration A. Given that the Acquisition is a transaction regarding acquisition of a property through a property holding company, we consider that the Consideration A referencing to the property valuation is fair and reasonable. Please also refer to paragraph headed "Reasons for and benefits of the Acquisition and the termination of the Previous Provisional Agreement A" for other factors considered and the discussions of the fairness of the Consideration A. The decision for the termination of the Previous Provisional Agreement A is based on the valuation of the Property A as at 30 April 2017 which reflected an increase in market value of the Property A. As disclosed in the Letter from the Board, after arm's length negotiation and discussion, the parties (i) conditionally entered into the Termination Agreements A; (ii) entered into the New Provisional Agreement A and entered into the Supplemental Agreement A. In assessing the fairness and reasonableness of the Consideration A, we have reviewed the valuation report set out in Appendix IV to this circular ("**Valuation Report**") and discussed with the Valuer in relation to its competence, methodologies used and assumptions adopted in performing the valuation of the Property A.

Competence of the Valuer

We note that the Valuation Report was prepared by the Valuer in accordance with the HKIS Valuation Standards. We have reviewed the Valuation Report and understand from the Valuer that it had conducted on-site inspection of the Property A, made relevant enquiries and obtained further information as necessary for concluding its opinion of the market value of the Property A. We have reviewed and enquired the qualification and experience of the Valuer and the person in charge of the Valuation Report. As per our findings, we noticed that the Valuer has experience in servicing a wide range of corporate customers in different industries, in which the majority of them are companies listed on the Stock Exchange. In addition, we have reviewed the qualifications and working experience of Mr. Stephen Y.W. Yeung, who is responsible for signing the Valuation Report. We note that Mr. Stephen Y.W. Yeung has over 10 years' experience in property valuation in Hong Kong and has conducted valuations for a number of companies listed on the Stock Exchange. Meanwhile, we understand from our enquiry with the Valuer that it is a third party independent of the parties involved in the Acquisition. We have also reviewed the scope of services provided under the engagement of the Valuer by the Company and we note that the scope of work is appropriate to the opinion given and there were no limitations on the scope of work As such, we are of the view that the Valuer and Mr. Stephen Y.W. Yeung possess sufficient competence and experience in performing the valuation of the Property A.

Valuation Methodologies

Pursuant to the Valuation Report, we note that the Valuer has adopted the direct comparison approach for the valuation of the Property A. During our discussions with the Valuer, we understand from the Valuer that it is a common practice of adopting the direct comparison approach, which is based on comparing the property to be valued directly with other comparable properties, in valuing property in Hong Kong. Moreover, we have obtained and reviewed all market transactions used as comparable transactions of the Property A from the Valuer. We note that the natures of the properties of those comparable transactions including their sizes, characters, and locations are similar to the Property A and most of which were transacted within the past 12 months from the date of the New Provisional Agreement A. As advised by the Valuer, in general, one of the most important components of comparable selection is to identify transactions that are most relevant. The ideal comparables will be the transactions of the same building happened in the past 12 months, which is an acceptable time period in the industry, if no such transactions, recent transactions of the other buildings then considered. We are of the view that the valuation method of adoption of the direct comparison approach for the valuation of the Property A is fair and reasonable and the selection of the market transactions being comparable to the Property A which are recent transactions in the market can bring a fair comparison of market value.

As disclosed in the announcement of the Company dated 24 April 2017, we understand that the previous valuation of HK$54 million for the Property A under the Previous Provisional Agreement A was based on the property market information as at 31 March 2017, while the valuation of HK$58 million for the Property A (the "**Valuation**") under the New Provisional Agreement A and the Supplemental Agreement A was based on the property market information as at 30 April 2017. After our discussion with the Valuer, the valuation of the Property A has been taken into account four comparables comprising three transactions within seven months before the valuation date and one quotation, which are of similar size and location to those of the Property A. We have reviewed those comparables adopted by the Valuer and we noted that those comparables are transactions of office unit in the same building of the Property A with similar size. Apart from the comparables identified, we note that the Valuer has taken into account the market sentiment during the period, for instance, the Valuer considered the Government land sale of Murray Road which put for sale by tender in the first quarter of 2017, such plot attracted bids from many major market players during the tender period, the Valuer considered that the market expectation of the Hong Kong office market especially in core areas such as Central, Admiralty and Wan Chai would be accelerated, and the aforesaid valuation method is in line with the market practice.

Having considered the above, we consider that the comparables selected by the Valuer are fair and representative samples for the valuation of the Property A, and the Consideration A determined with reference to the adjusted valuation is fair and reasonable and in the interest of the Company and the Shareholders as a whole. In addition to the assessment of the comparable transactions selected by the Valuer, after taken into account of the information released by the Rating and Valuation Department (the "**R&V Department**"), which indicated that the price index of grade A private office in core districts has increased approximately 6.2% from approximately 429.2 in March 2017 to approximately 455.9 in April 2017, we are of the view that the basis of adjustment of the Valuer is reasonable and are in line with the industrial and market practice. Please also refer to paragraph headed "Reasons for the termination of the Previous Provisional Agreement A and Reasons for and advantage of the Acquisition" below for discussions of reasons of entering into the New Provisional Agreement A.

Valuation Assumptions

In addition, we have discussed with the Valuer in respect of the valuation assumptions applied in the Valuation Report. We note that the valuation assumptions adopted by the Valuer are common assumptions adopted in property valuations, including (i) all parties to the asset transaction in the open market are dealing with each other at arm's length; (ii) the Property A is free from encumbrances, restrictions and outgoing of an onerous nature which could affect the value of the Property A; (iii) the Property A has been constructed, occupied and used in full compliance with or without contravention of all laws; and (iv) all required licenses, permit, certificates and authorizations have been obtained. In assessing the appropriateness of the valuation assumptions, we discussed with the management and understand that there are no restrictions of the transfer of title of the Property A and no non-compliance issues in relation to the Property A. Moreover, as the Acquisition is a connected transaction regarding acquisition of property holding company by a Hong Kong listed company, we have visited the website of the Stock Exchange and identified 9 circulars published by companies listed on the Stock Exchange for connected transactions regarding acquisition of property holding company by Hong Kong listed company during the past twelve months up to the Latest Practicable Date and noted that the valuation assumptions adopted in by the Valuer are common and we are not aware of any major factor which caused us to doubt the fairness and reasonableness of the principal bases and assumptions adopted for the Valuation Report.

Taking into account the factors discussed above, we are of the view that the Consideration A, which reflects a discount of approximately 6.8% to the valuation of the Property A under the Valuation Report, is fair and reasonable and in the interests of the Company and Shareholders as a whole.

5. Other common terms of the Provision Agreements

Consideration adjustment

With reference to the Letter from the Board of the Circular, the Vendor undertake to deliver to the Purchaser or the Purchaser's solicitors the proforma accounts and the audited financial statements of the Target Company A at least five days prior to the Completion Date and within 30 days from the Completion Date, respectively. If the Net Tangible Asset Value shown in the respective proforma accounts (the "**Proforma NAV**") is more or less than zero, the balance of respective payments to be paid upon Completion shall be adjusted upwards or downwards. In addition, if the Net Tangible Asset Values as shown in the respective audited financial statements (the "**Audited NAV**") are more or less than the Proforma NAV, the Purchaser or the Vendor (as the case may be) shall pay the difference to the other party within five (5) days from the date of receipt of the issue of respective audited financial statements.

As set out in the Letter from the Board, we understand that the above consideration adjustments (the "**Consideration Adjustment**") would be mainly determined as a result of the differences among the Consideration, the Proforma NAV and the Audited NAV. Moreover, we also understand that the Consideration Adjustment will be based on other receivables in relation to the rentals receivable, utilities and other miscellaneous deposits, prepaid rates and government rent, and other expenses relating to the Property A up to but exclusive of the Completion Date. In assessing whether the Consideration Adjustment is a common practice for property related transaction in Hong Kong, we have conducted searches in the Stock Exchange website and identified 7 transactions during the past twelve months up to the Latest Practicable Date, which are related to the acquisition transactions of companies which major asset(s) is/are Hong Kong properties, by Hong Kong listed companies. We note that the adjustment of consideration of those identified transactions are in line with the Consideration Adjustment that the consideration would be adjusted based on any differences among their consideration, net asset value in their proforma account and net asset value in their audited account, as a result, to reflect the updated net asset value of the subject companies as at completion of the transactions.

Having considered that the Consideration Adjustment (i) is principally based on the NAV of the Target Company A as at the Completion Date which adjusts for the other assets or other liabilities which will be taken up by the Purchaser upon Completion on a dollar-for-dollar basis; (ii) is a common practice for similar acquisition transactions done by listed companies in Hong Kong; and (iii) will protect the interest of the Company as the Consideration will be based on the Audited NAV rather than the Proforma NAV which may not reflect the net asset value of the Target Company A accurately, we consider that the Consideration Adjustment is fair and reasonable.

Conditions precedent

For the conditions precedent of the New Provisional Agreement A and the Supplemental Agreement A, including (i) the Purchaser having completed its respective due diligence reviews on the business, financial, legal and other aspects of the respective Target Companies and satisfied with the results; (ii) the Vendor having procured the Company to give and prove a good title to the Property A in accordance with Sections 13A and 13 of the Conveyancing and Property Ordinance) Cap.219 of the Laws of Hong Kong); (iii) the New Provisional Agreement A is conditional upon the transactions contemplated thereunder being approved by the Independent Shareholders at the SGM. As the Acquisition is a connected transaction regarding acquisition of property holding company by a Hong Kong listed company, we have visited the website of the Stock Exchange and identified 12 circulars published by companies listed on the Stock Exchange for connected transactions regarding acquisition of property holding company by Hong Kong listed company during the past twelve months up to the Latest Practicable Date and noted that the conditions precedent in the majority of those circulars are similar to those in the Provisional Agreements. Therefore, we are of the view that the conditions precedent were reached on the basis of normal commercial terms and is fair and reasonable to the Acquisition.

6. Reasons for and benefits of the Acquisition and the termination of the Previous Provisional Agreement A

As stated in the Letter from the Board, except the Valuation Report, the Director has taken into account the reasons stated in the paragraph headed "Reason for the Termination of the Previous Provisional Agreement A and Reasons for and Advantage of the Acquisition" in the Letter from the Board and the future prospects of the property market in Hong Kong in determining the Consideration A. In assessing the fairness and reasonableness of the Consideration A, we have, therefore, discussed with the management of the Company and conducted researches on the information and statistic of the commercial property market in Hong Kong.

As set out in the section headed "Information of the Property A" of this letter, the Property A is an office unit of Bank of East Asia Harbour View Centre, which is located along Gloucester Road in Wan Chai and is one of the prime business centres in Hong Kong. The Bank of East Asia Harbour View Centre enjoys convenient transport access and is in close proximity to the Wanchai MTR Station and also being easily accessible to Central district and the Cross Harbour Tunnel. As advised by the management of the Company, the Property A has been leased to the Company for its securities and futures business since January 2017 at a monthly rental of HK$124,800. Upon Completion, the Target Company A will become a wholly-owned subsidiary of the Company, and the financial results of the Target Company A will be consolidated into the Group. The Group intends to continue utilizing the Property A as office for the Group's securities and futures business, in particular, the asset management business (SFO licensed Type 9 regulated activity) of the Group. As the Directors expect that the Company will continue to utilize the Property A for the operation of its

securities and futures business. Upon Completion, it is expected that the future earnings of the Group would be improved by the saving in rental cost of utilizing the Property A.

In assessing the reasons of entering into the New Provisional Agreement A and the Supplemental Agreement A and fairness of the revised consideration under the New Provisional Agreement A and the Supplemental Agreement A, we have reviewed research reports in relation to office property market in Hong Kong which include "Briefing Office and Retail Investment — May 2017" prepared by Savills, "Hong Kong Monthly — Jun 2017" prepared by Knight Frank, "Property Market Monitor — June 2017" prepared by Jones Lang LaSalle and "Office Snapshot 04 2016" prepared by Cushman & Wakefield (collectively, the "**Research Reports**"). Those Research Reports generally provide updated information in relation to and their views on the office property market in Hong Kong. In particular, we note from the Research Reports that the growth rate of Grade A office prices in the first half of 2017 is mainly due to (i) persistent strong demand from Chinese firms; (ii) limited supply of Grade A offices in Central and Wanchai districts; and (iii) the transaction of the Murray Road Carpark. We noted that those Research Reports carry positive views on the Grade A office, especially in Central and Wanchai districts and the relevant results from the Research Reports are in line with the results obtained from R&V Department as discussed below.

We consider the Research Reports might not be objective enough to provide a true and fair view on the property market in Hong Kong. As such, we have also researched on the information from the R&V Department and note that the rental index of Grade A offices in Wanchai/Causeway Bay districts was in substantive growth throughout 2011 to 2016, climbed from approximately 163.6 in early 2011 to a record high of approximately 244.5 in end 2016, represented an increase of approximately 49.4%. Moreover, the price index of Grade A office in core districts has increased from approximately 299.1 in early 2011 to approximately 444.0 in end 2016, represented a substantial increase of approximately 48.4%.

Moreover, we have also reviewed the recent monthly rental and price indices released by R&V Department for the period from January 2017 and April 2017. We noted that at the time when the Valuer arrived the valuation of HK$54 million as at 31 March 2017, the price index of Grade A private office in core districts (including Sheung Wan/Central, Wan Chai/Causeway Bay and Tsim Sha Tsui) as released by the R&V Department was at the level of 429.2 in March 2017, while at the time when the Valuer arrived the valuation of HK$58 million as at 30 April 2017, the price index of Grade A private office in core districts has increased to the level of approximately 455.9 in April 2017, represented an increase of approximately 6.2%. The increase of 6.2% just in one month period reflected the growth potential of the Grade A private office in core districts and the positive market sentiment toward the commercial property market in business districts.

With reference to the Letter from the Board, the Company had carried out deep negotiation with the Vendor seeking for possibility to complete the transaction with the terms of the Previous Provisional Agreement A before entering into the Termination Agreement A and the New Provisional Agreement A. After a series of in-depth and arms-length negotiation, both the Directors and the Vendor agreed that it is fair and reasonable to the Company and its Shareholders for the Company to enter into the Supplemental Agreement A with the consideration of the Acquisition amended to HK$54 million. The Property A is currently leased by the Group as the office, the Directors believe that it would be a disadvantage for the Group as a whole to lease, reallocate to and renovate a new office, as the cost induced would be substantial especially when the Company needs to look for an alternative office in a prime location like Property A.

Having considered that (i) the valuation of the Property A at HK$58 million as at 30 April 2017 as set out in the Valuation Report is higher than the consideration stated in the Supplemental Agreement A; (ii) the potential future value appreciation of the Property A, in particular the Directors foresee the upward trend of the Grade A office prices as supporting by the historical information from R&V Department and the positive views from the Research Reports; and (iii) the reduced cash outflow related to office rental, we are of the view that the Consideration A is fair and reasonable and in the interest of the Shareholders as a whole.

We further understand from the management of the Company that the Consideration will be financed by internal resources of the Group. As at 31 March 2017, a cash balance of the audited management account of the Groups was approximately HK$57.02 million. The Directors estimate that a cash inflow of approximately HK$41 million will be generated from disposal of Pink Angel, together with the cash on hand of the Group, which shall provide sufficient fund for the Acquisition. Based on the abovementioned, we agree with the Director's view that the Acquisition is in the interest of the Company and the Shareholders as a whole.

7. Financial impacts of the Acquisition

Upon Completion, the Target Companies will become wholly-owned subsidiaries of the Company and the financial results of the Target Companies will be consolidated into the financial statements of the Group

Earnings

Based on the 2016/17 Annual Report, the Group recorded net loss attributable to owners of the Company of approximately HK$29.1 million for the year ended 31 March 2017. Upon Completion, it is expected the future earnings of the Group would be improved by the saving in rental cost of the Property A in which the monthly rental costs is HK$124,800.

Cash flow

Based on the 2016/17 Annual Report, the Group had cash and bank balances of approximately HK$57.02 million as at 31 March 2017. Given that (i) the Net Consideration of approximately HK$36.09 million (after adjustment of the Net Tangible Asset Value of the Property A) would be settled in cash by the Company; (ii) the estimated transactions costs including professional fees and printing costs are approximately HK$650,000; and (iii) the Group would receive an adjusted consideration of approximately HK$41 million from the disposal of Pink Angel, it is expected that the Group would not record net cash outflow upon Completion.

Net asset value

Based on the 2016/17 Annual Report, the consolidated net asset as at 31 March 2017 was approximately HK$87.9 million. According to the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to the Circular, assuming that Completion had taken place on 31 March 2017, the net current asset would decrease by approximately HK$58.8 million, from approximately HK$54.8 million to HK$(4,013) and the net assets would decrease by approximately HK$4.8 million, from approximately HK$87.9 million to approximately HK$83.1 million.

RECOMMENDATION

Having considered the above principal factors, we are of the opinion that, though the Acquisition and the New Provisional Agreement A are not in the ordinary and usual course of business of the Company, the terms of the New Provisional Agreement A are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we advise the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the EGM for approving the terms of the New Provisional Agreement A and the Supplemental Agreement A.

Yours faithfully,
For and on behalf of
Octal Capital Limited

Alan Fung	**Annie Ho**
Managing Director	*Director*

Note: Mr. Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Fung has more than 20 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisition, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong. Ms. Annie Ho has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2007. Ms. Ho has more than 10 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions of listed companies in Hong Kong

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group

(i) for the year ended 31 March 2015 can be found in the annual report of the Company for the year ended 31 March 2015 on both the website of the Stock Exchange at

http://www.hkexnews.hk/listedco/listconews/GEM/2015/0626/GLN20150626025.pdf

or the Company's website at

http://images.finet.hk/attach/invest/20151009/GLN20150626026_C.pdf;

(ii) for the year ended 31 March 2016 can be found in the annual report of the Company for the year ended 31 March 2016 on both the website of the Stock Exchange at

http://www.hkexnews.hk/listedco/listconews/GEM/2016/0628/GLN20160628027.pdf

or the Company's website at

http://images.finet.hk/attach/invest/20160628/(c)GLN20160628028_C_0.pdf; and

(iii) for the year ended 31 March 2017 can be found in the annual report of the Company for the year ended 31 March 2017 on both the website of the Stock Exchange at

http://www.hkexnews.hk/listedco/listconews/GEM/2017/0629/GLN20170629145.pdf

or the Company's website at

http://images.finet.hk/attach/invest/20170629/c_8317.pdf.

2. INDEBTEDNESS STATEMENT

Borrowings

At the close of business on 13 July 2017, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding borrowings of approximately HK$47,462,059, representing unsecured and unguaranteed convertible bonds.

Security

Save as aforesaid and normal trade and other payables in the ordinary course of business, as at the close of business on 13 July 2017, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantee or other material contingent liabilities.

3. WORKING CAPITAL STATEMENT

The Directors, after due and careful consideration, are of the opinion that, taking into consideration the financial resources available to the Enlarged Group including internally generated funds and the existing available credit facilities, and in the absence of unforeseen circumstances, the Enlarged Group will have sufficient working capital for its present requirements for at least twelve months from the date of this Circular.

4. FINANCIAL AND TRADING PROSPECTS

The Group is principally engaged in media business with an emphasis on investor relationship business ("IR Business"). The Group also engages in property investment business, money lending business, financial information service business and securities and futures business.

The Group is able to leverage its experience in media business into different fields including the production and distribution of programmes through FinTV and the development of IR Business. The Group has an experienced production team and content team to develop its FinTV and to generate high quality programme for the audience. As such, the Company and FinTV mobile apps have made a significant penetration into the viewers in China that result in an increase in the number of our video programme and channels of portals in global market including MSN, Yahoo and Tencent.

Furthermore, our experienced FinTV teams can also support the growth of its IR Business. IR Business covers both listed companies and pre-IPO assignments. The services that we have been providing include (1) production of promotional videos; (2) arrangement of press conferences and celebration events; (3) arrangement of investor meetings; (4) preparing of investor relationship articles; and (5) news distribution for listed companies and pre-IPO assignments. With our FinTV production team contributing to the growth and expansion of our IR Business, it forms a good foundation for developing our event management business.

In addition, with the business opportunities brought by the Shanghai-Hong Kong Stock Connect Program and the Shenzhen Hong Kong Stock Connect Program, the Company plans to continue to allocate resources to the securities and futures business of the Group, in particular, the asset management business (SFO licensed Type 9 regulated activity) of the Group and to expand its fund management business by way of setting up a property investment fund.

Lastly, the Group intends to continue to maintain its property investment business and money lending business. As such, the property of the Group which is located in the PRC will continue to provide the Group with a stable source of rental income. Our money lending business will provide the Group with a stable income as well.

In view of the above, the Group expects that FinTV will be one of the major drivers for future growth in business and that the IR Business will be the profit centre of the Group in the coming years. Furthermore, the Company expects to continue to generate a stable source of income, including management fee income and performance income, from its securities and fund management business. The Group will also continue to allocate resources to other business segments to sustain a stable source of income of the Group and will take measures, if necessary, to improve operations. The Group also plans to primarily strengthen our sales and marketing team and to continuously recruit experienced news writer and anchor to join our Group in the media business field to boost the income of FinTV. This can in turn provide a strong support to our IR Business.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2017, being the date on which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF FINET GROUP LIMITED

Introduction

We report on the historical financial information of Maxon Management Limited (the "**Target Company**") set out on pages II-3 to II-28, which comprises the statements of financial position as at 31 December 2014, 2015 and 2016, and 31 March 2017, and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for each of the years ended 31 December 2014, 2015 and 2016, and for the three months ended 31 March 2017l; (the "**Track Record Period**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-3 to II-28 forms an integral part of this report, which has been prepared for inclusion in the circular of Finet Group Limited (the "**Company**") dated 4 August 2017 (the "**Circular**") in connection with the proposed acquisition of the 100% equity interests in the Target Company by the Company.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The financial statements of the Target Company for the Track Record Period ("**Underlying Financial Statements**"), on which the Historical Financial Information is based, were prepared by the directors of the Company based on the previously issued financial statements of the Target Company for the Track Record Period. The directors of the Target Company are responsible for the preparation of the Target Company's previously issued financial statements that gives a true and fair view in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and for such internal control as the directors determine is necessary to enable the preparation of Target Company's financial statements that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the HKICPA. This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis for qualified opinion

As of 31 December 2014, 2015 and 2016, fair value of the investment properties amounted to HK$17,291,890, HK$17,291,890 and HK$51,800,000 respectively, were assessed by Target Company's Directors based on their own judgement. We were unable to obtain sufficient audit evidence to satisfy ourselves as to the appropriateness of the assumptions and basis made by Target Company's Directors in assessing the fair value of the investment properties in accordance with Hong Kong Accounting Standard 40 "Investment Properties". Any adjustments found to be necessary in respect thereof would have a consequential effect on the net assets of Target Company as at 31 December 2014, 2015 and 2016, the results of Target Company for the years ended 31 December 2014, 2015 and 2016 and the related disclosures thereof in the Financial Information.

Qualified opinion

In our opinion, except for the effect on the Historical Financial Information of the matter described in the Basis for qualified opinion paragraph, for the purpose of accountants' report, a true and fair view of the financial position of the Target Company as at 31 December 2014, 2015, 2016 and 31 March 2017 and its financial performance and its cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.2 to the Historical Financial Information.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2.2 to the Historical Financial Information which indicates that Target Company had net current liabilities of HK$17,910,226 as at 31 March 2017 (31 December 2016: HK$19,277,254; 31 December 2015: HK$14,773,284, 31 December 2014 HK$14,902,632). These conditions indicate the existence of a material uncertainty which may cast significant doubt about Target Company's ability to continue as a going concern. As explained in Note 2.2 to the Financial Information, the Financial Information has been prepared on a going concern basis, the validity of which depends on the financial support from the existing shareholders before the Acquisition and from the new shareholder after the Acquisition to meet Target Company's financial obligations as and when they fall due.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Company which comprises statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three months ended 31 March 2016 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2.2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2.2 to the Historical Financial Information.

Report on matters under the GEM Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements have been made.

Pan-China (H.K.) CPA Limited
Certified Public Accountants

Wong Chui San Susan
Practising Certificate Number: P03771
Hong Kong, 4 August 2017

A. FINANCIAL INFORMATION OF THE TARGET COMPANY A

Statement of profit or loss and other comprehensive income

		For the year ended 31 December			For the three months ended 31 March	
		2014	2015	2016	2016	2017
	Notes	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
					(unaudited)	
Revenue	5	1,092,000	1,092,000	1,092,000	273,000	406,690
Other income	6	84,029	64,317	34,621,051	13,795	2,237,964
Administrative expenses		(578,018)	(576,339)	(5,090,674)	(12,471)	(344,258)
Finance costs	7	(651,103)	(582,814)	(611,589)	(95,568)	(147,855)
(LOSS)/PROFIT BEFORE TAX	8	(53,092)	(2,836)	30,010,788	178,756	2,152,541
Income tax	9	—	—	—	—	—
(LOSS)/PROFIT FOR THE YEAR/PERIOD		(53,092)	(2,836)	30,010,788	178,756	2,152,541
Other comprehensive income for the year/period, net of tax		—	—	—	—	—
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR/PERIOD		(53,092)	(2,836)	30,010,788	178,756	2,152,541
(Loss)/profit attributable to:						
Equity shareholder of the Company		(53,092)	(2,836)	30,010,788	178,756	2,152,541
Total comprehensive (expense)/income attributable to:						
Equity shareholder of the Company		(53,092)	(2,836)	30,010,788	178,756	2,152,541

The notes on pages II-9 to II-29 form part of these financial statements.

Statement of financial position

		As at 31 December			As at 31 March
		2014	2015	2016	2017
	Notes	*HK$*	*HK$*	*HK$*	*HK$*
NON-CURRENT ASSETS					
Property, plant and equipment	10	5,427	3,181	935	374
Investment properties	11	17,291,890	17,291,890	51,800,000	54,000,000
Other financial assets	12	1,534,970	1,405,032	1,413,926	—
		18,832,287	18,700,103	53,214,861	54,000,374
CURRENT ASSETS					
Income tax recoverable		49,418	49,418	49,418	49,418
Amount due from a director	13	5,915,456	5,037,625	—	—
Amount due from a related company	14	—	—	—	1,061
Utility and other deposits		46,104	47,004	47,004	47,004
Cash and cash equivalents		151,730	64,749	40,326	363,720
		6,162,708	5,198,796	136,748	461,203
CURRENT LIABILITIES					
Accrued charges		9,000	9,000	12,000	18,000
Deposit received		91,000	91,000	91,000	374,400
Advance receipt		—	—	—	4,415
Amounts due to related companies	15	324,000	—	—	—
Bank borrowings	16	20,641,340	19,872,080	19,311,002	17,974,614
		21,065,340	19,972,080	19,414,002	18,371,429
NET CURRENT LIABILITIES		(14,902,632)	(14,773,284)	(19,277,254)	(17,910,226)
NET ASSETS		3,929,655	3,926,819	33,937,607	36,090,148
EQUITY					
Share capital	17	1	1	1	1
Retained earnings		3,929,654	3,926,818	33,937,606	36,090,147
TOTAL EQUITY		3,929,655	3,926,819	33,937,607	36,090,148

The notes on pages II-9 to II-29 form part of these financial statements.

Statement of changes in equity

	Attributable to equity shareholder of the Company		
	Share capital *HK$*	**Retained earnings** *HK$*	**Total** *HK$*
At 1 January 2014	1	3,982,746	3,982,747
Loss for the year and total comprehensive expense for the year	—	(53,092)	(53,092)
At 31 December 2014 and 1 January 2015	1	3,929,654	3,929,655
Loss for the year and total comprehensive expense for the year	—	(2,836)	(2,836)
At 31 December 2015 and 1 January 2016	1	3,926,818	3,926,819
Profit for the year and total comprehensive income for the year	—	30,010,788	30,010,788
At 31 December 2016 and 1 January 2017	1	33,937,606	33,937,607
Profit for the period and total comprehensive income for the period	—	2,152,541	2,152,541
At 31 March 2017	1	36,090,147	36,090,148

	Attributable to equity shareholder of the Company		
	Share capital *HK$*	**Retained earnings** *HK$*	**Total** *HK$*
At 31 December 2015 and 1 January 2016	1	3,926,818	3,926,819
Profit for the period and total comprehensive income for the period (unaudited)	—	178,756	178,756
At 31 March 2016 (unaudited)	1	4,105,574	4,105,575

Statement of cash flows

	For the year ended 31 December			For the three months ended 31 March	
	2014	2015	2016	2016	2017
	HK$	*HK$*	*HK$*	*HK$* (unaudited)	*HK$*
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/profit before tax	(53,092)	(2,836)	30,010,788	178,756	2,152,541
Adjustments for:					
Net gain on fair value adjustment on investment properties	—	—	(34,508,110)	—	(2,200,000)
Depreciation of property, plant and equipment	30,299	2,246	2,246	—	561
Exchange differences	—	129,938	(47,497)	—	3
Finance costs	382,728	374,483	406,588	95,568	147,855
Impairment loss on amount due from a director	—	—	4,957,924	—	329,416
Operating profit before working capital changes	359,935	503,831	821,939	274,324	430,376
Increase in utility and other deposits	—	(900)	—	—	—
Decrease/(increase) in amount due from a director	1,528,686	877,831	79,701	47,776	53,662
Increase in amount due from a related company	—	—	—	—	(1,064)
Increase in accrued charges	—	—	3,000	—	6,000
Increase in deposit received	—	—	—	—	283,400
Increase in advanced receipt	—	—	—	—	4,415
Decrease in amounts due to related companies	(643,000)	(324,000)	—	—	—
Net cash inflow from operating activities	1,245,621	1,056,762	904,640	322,100	776,789
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from bank borrowings	—	—	15,996,782	—	—
Repayment of bank borrowings	(769,260)	(769,260)	(16,519,257)	(192,315)	(305,540)
Interest paid	(382,728)	(374,483)	(406,588)	(95,568)	(147,855)
Net cash outflow from financing activities	(1,151,988)	(1,143,743)	(929,063)	(287,883)	(453,395)
Net increase/(decrease) in cash and cash equivalents	93,633	(86,981)	(24,423)	34,217	323,394
Cash and cash equivalents at beginning of year/period	58,097	151,730	64,749	64,749	40,326
Cash and cash equivalents at end of year/period	151,730	64,749	40,326	98,966	363,720

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Maxon Management Limited ("**the Company**") is incorporated in Hong Kong with limited liability. At the date of issue of these financial statements, the registered office of the Company is located at Room C, 11/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wan Chai, Hong Kong.

The principal activity of the Company is investment holding.

In the opinion of the directors, the immediate as well as ultimate holding company is Pablos International Limited which is incorporated in British Virgin Islands.

These financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company and all values are rounded to the nearest dollar (HK$) except when otherwise indicated.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of theses financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

2.2 Basis of Preparation of the Financial Statements

As at 31 December 2014, 2015, 2016 and 31 March 2017, the Company had net current liabilities of HK$14,902,632, HK$14,773,284, HK$19,277,254 and HK$17,910,226 respectively. The Company's continuance in business as a going concern is dependent upon its ability to obtain continuous financial supports from the shareholder. These financial statements have been prepared on a going concern basis because its shareholder has agreed to provide adequate funds to enable the Company to meet in full its financial obligations as they fall due for the foreseeable future.

Should the Company be unable to continue in business as a going concern, adjustments would have to be made to reduce the values of assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets as current assets respectively.

For the purpose of preparation of the Financial Information, the Company has adopted all the revised standards and new interpretations applicable throughout the Relevant Periods.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.3 Issued but not yet effective HKFRSs

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after a date to be determined

The Company is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Company considers that these new and revised HKFRSs are unlikely to have a significant impact on the Company's results of operations and financial position.

2.4 Revenue recognition

Revenues are recognised as follows:

(a) Rental income from operating leases is recognised on a straight-line basis over the period of the lease.

(b) Interest income from deposits with financial institutions is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

2.5 Income tax

Hong Kong profits tax has been provided for at the prevailing rate on the estimated assessable profits less available tax relief for losses brought forward.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. Tax rates enacted or substantively enacted by the reporting date are used to determine deferred taxation. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less any accumulated depreciation and any impairment losses. Cost comprises purchase price and conversion cost. Expenditure such as repairs and maintenance, overhaul costs and cost of restoring are normally charged to the profit or loss when they are incurred. Where expenditure has resulted in an increase in the future economic benefits from the use of the property, plant and equipment, the expenditure is capitalised.

Depreciation is calculated using the straight-line method to write off the cost of valuation of assets over their estimated useful lives. No depreciation is provided on freehold land and assets under construction. The estimated useful lives are as follows:

Leasehold improvement	20%

The carrying amount of property, plant and equipment including those revalued are reviewed yearly in order to assess whether the carrying amount needs to be written down to its recoverable amount. Recoverable amount is defined as the higher of value in use and fair value less costs to sell.

Subsequent costs relating to a property, plant and equipment that has already been recognised is added to the carrying amount of the property, plant and equipment when it is probable that future economic benefits will flow to the entity. All other subsequent costs are recognised as an expense in the period in which it is incurred.

2.7 Investment properties

Investment properties are land and buildings which are owned or held under a leasehold interest to earn rental income and for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment properties.

Investment properties are stated in the financial position at fair value, unless they are still in the course of construction or development at the reporting date and their fair value cannot be measured reliably at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss.

2.8 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in provision made for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in unlisted equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out in note 2.4.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

— the rights to receive cash flows from the asset have expired; or

— the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the profit or loss.

Available-for-sale investment carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Financial liabilities

Financial liabilities include accrued charges, deposit received, amounts due to related companies and bank borrowings. All financial liabilities are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "finance costs" in profit or loss.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

2.9 Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than contract for services and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.10 Interest-bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequently to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

2.11 Cash and other equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

2.12 Provisions and contingent liabilities

Provisions and recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.13 Operating leases

Lease where substantially all risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Rentals applicable to such operating leases are credited to the statement of profit or loss and other comprehensive income on a straight line basis over the lease terms.

Rental expenses under operating lease are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the terms of the leases.

2.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of the relevant assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are charged to the statement of profit or loss and other comprehensive income in the period in which they are incurred.

2.15 Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rate ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in term of historical cost in a foreign currency are translated using the foreign exchange rate ruling at the transaction dates. Non-monetary assets are liabilities demonstrated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

2.16 Related parties

A related party is a person or entity that is related to the Company in these financial statements, as follows:

(a) A person, or a close member of that person's family, is related to the Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Company or the Company's parent.

(b) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same company (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of company of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has a significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) A person identified in (a)(ii) has significant influence over the entity or significant voting power in it.

(ix) A person or a close member of that person's family has both significant influence over the entity or significant voting power in it and joint control over the reporting entity.

(x) A member of the key management personnel of the entity or of a parent of the entity, or a close member of that member's family, has control or joint control over the reporting entity or has significant voting power in it.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. FINANCIAL RISK MANAGEMENT

(a) Financial instrument by category

The carrying amounts of each of the categories of financial instruments as at the end of the Relevant Periods are as follows:

	As at 31 December			As at 31 March
	2014	2015	2016	2017
	HK$	*HK$*	*HK$*	*HK$*
Financial assets:				
Loans and receivables				
Amount due from a director	5,915,456	5,037,625	—	—
Amount due from a related company	—	—	—	1,061
Utility and other deposits	46,104	47,004	47,004	47,004
Cash and cash equivalents	151,730	64,749	40,326	363,720
Available-for-sale investments				
Other financial assets	1,534,970	1,405,032	1,413,926	—

	As at 31 December			As at 31 March
	2014	2015	2016	2017
	HK$	*HK$*	*HK$*	*HK$*
Financial liabilities:				
Other financial liabilities				
Accrued charges	9,000	9,000	12,000	18,000
Deposit received	91,000	91,000	91,000	374,400
Amounts due to related companies	324,000	—	—	—
Bank borrowings	20,641,340	19,872,080	19,311,002	17,974,614

(b) Financial risk management and policies

The Company does not have specific risk management policies or guidelines. Generally, they adopt conservative strategies on its risk management, as the directors believe that the Company's exposure associated with these risks is minimal.

The Company's major financial instruments are listed in note 3(a). Details of these financial instruments are disclosed in respective notes. The risks (include market risk (foreign currency and interest rate risks), credit risk and liquidity risk) associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposures to currency risk mainly arise from its other financial assets, which are primarily denominated in Australian dollars. These are not the functional currency of the Company to which these transactions relate.

The Company reviews on a regular basis the exposure to foreign currency risk. However, during the year, the Company has no significant concentration of foreign currency risk.

Interest rate risks

The Company's cash flow interest rate risk relates primarily to variable-rate bank deposits and borrowings (see note 16 for details of these borrowings). The Company's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("**HIBOR**") arising from the Company's HK$ denominated borrowings.

Credit risk

The Company has no significant concentration of credit risk.

Liquidity risk

The Company actively manages operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met.

As at 31 December 2014, 2015, 2016 and 31 March 2017, the Company had recorded net current liabilities of HK$14,902,632, HK$14,773,284, HK$19,277,254 and HK$17,910,226 respectively. Shareholder of the Company has confirmed their intention to provide continual financial support to the Company so as to enable to meet liabilities as and when they fall due.

The following tables detail its remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

As at 31 December 2014

	Weighted average interest rate	**Carrying amount** *HK$*	**Total contractual undiscounted cash flow** *HK$*	**Within 1 year or on demand** *HK$*	**1–5 years** *HK$*	**More than 5 years** *HK$*
Accrued charges	—	9,000	9,000	9,000	—	—
Deposit received	—	91,000	91,000	91,000	—	—
Amounts due to related companies	—	324,000	324,000	324,000	—	—
Bank borrowings	2.45%	20,641,340	16,067,913	1,769,256	8,846,280	5,452,377
		21,065,340	16,491,913	2,193,256	8,846,280	5,452,377

As at 31 December 2015

	Weighted average interest rate	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	1–5 years	More than 5 years
		HK$	*HK$*	*HK$*	*HK$*	*HK$*
Accrued charges	—	9,000	9,000	9,000	—	—
Deposit received	—	91,000	91,000	91,000	—	—
Bank borrowings	1.81%	19,872,080	13,013,837	1,769,256	8,846,280	2,398,301
		19,972,080	13,113,837	1,869,256	8,846,280	2,398,301

As at 31 December 2016

	Weighted average interest rate	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	1–5 years	More than 5 years
		HK$	*HK$*	*HK$*	*HK$*	*HK$*
Accrued charges	—	12,000	12,000	12,000	—	—
Deposit received	—	91,000	91,000	91,000	—	—
Bank borrowings	2.25%	19,311,002	11,207,232	1,769,256	9,437,976	—
		19,414,002	11,310,232	1,872,256	9,437,976	—

As at 31 March 2017

	Weighted average interest rate	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	1–5 years	More than 5 years
		HK$	*HK$*	*HK$*	*HK$*	*HK$*
Accrued charges	—	18,000	18,000	18,000	—	—
Deposit received	—	374,400	374,400	374,400	—	—
Bank borrowings	2.09%	17,974,614	10,415,971	1,769,256	8,646,715	—
		18,367,014	10,808,371	2,161,656	8,646,715	—

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Company's accounting policies, management has made the following accounting judgements:

Fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in note 11.

5. REVENUE

Revenue, which is also the Company's turnover, represents the net rental income during the year/period. An analysis of revenue is as follows:

	For the year ended 31 December			For the three months ended 31 March	
	2014	**2015**	**2016**	**2016**	**2017**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Rental income	1,092,000	1,092,000	1,092,000	273,000	406,690

6. OTHER INCOME

	For the year ended 31 December			For the three months ended 31 March	
	2014	**2015**	**2016**	**2016**	**2017**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Investment income	84,029	64,317	55,179	13,795	6,898
Exchange gain	—	—	57,762	—	31,066
Fair value changes on investment properties	—	—	34,508,110	—	2,200,000
	84,029	64,317	34,621,051	13,795	2,237,964

7. FINANCE COSTS

	For the year ended 31 December			For the three months ended 31 March	
	2014	2015	2016	2016	2017
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Bank loan interest	294,182	296,356	337,900	76,945	88,872
Mortgage loan interest	88,546	78,127	68,688	18,623	18,515
Other interest	268,375	208,331	205,001	—	40,468
	651,103	582,814	611,589	95,568	147,855

8. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax is arrived at after charging/(crediting):

	For the year ended 31 December			For the three months ended 31 March	
	2014	2015	2016	2016	2017
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Auditor's remuneration	9,000	9,000	12,000	—	6,000
Depreciation on property, plant and equipment	30,299	2,246	2,246	—	561
Impairment loss on amount due from a director	—	—	4,957,924	—	329,416

9. INCOME TAX

	For the year ended 31 December			For the three months ended 31 March	
	2014	2015	2016	2016	2017
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
(Loss)/profit before tax	(53,092)	(2,836)	30,010,788	178,756	2,152,541
Tax calculated at a tax rate of 16.5%	(8,760)	(468)	4,951,780	29,494	355,169
Income not subject to tax	(13,865)	(9,997)	(5,702,943)	—	(363,000)
Expenses not deductible for tax purposes	75,461	48,899	873,811	12,695	69,017
Others	(52,836)	(24,032)	(59,709)	(15,019)	(14,927)
Utilisation of previous unrecognised tax losses	—	(14,402)	(62,939)	(27,170)	(46,259)
	—	—	—	—	—

No tax is payable on the profit before tax arising in Hong Kong since the assessable profit is wholly absorbed by tax losses brought forward. Tax losses carried forward amount to approximately HK$570,000, HK$483,000, HK$569,000 and HK$288,000 as of 31 December 2014, 2015, 2016 and 31 March 2017 respectively.

No provision for deferred tax liabilities or assets have been made as the Company had no material unprovided temporary differences at each reporting date.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement
	HK$
Cost:	
At 1 January 2014, 31 December 2014, 2015 and 2016, and 31 March 2017	861,012
Accumulated depreciation:	
At 1 January 2014	825,286
Charge for the year	30,299
At 31 December 2014	855,585
Charge for the year	2,246
At 31 December 2015	857,831
Charge for the year	2,246
At 31 December 2016	860,077
Charge for the period	561
At 31 March 2017	860,638
Net carrying amount:	
At 31 March 2017	374
At 31 December 2016	935
At 31 December 2015	3,181
At 31 December 2014	5,427

11. INVESTMENT PROPERTIES

	As at 31 December			As at 31 March
	2014	2015	2016	2017
	HK$	*HK$*	*HK$*	*HK$*
Fair value				
At beginning of the year/period	17,291,890	17,291,890	17,291,890	51,800,000
Fair value gains	—	—	34,508,110	2,200,000
At end of the year/period	17,291,890	17,291,890	51,800,000	54,000,000

The fair value of the investment properties was revalued at 31 March 2017 by Ascent Partners Valuation Service Limited, an independent professional qualified valuer. Valuation was based on current prices in an active market for all properties.

The fair value of the investment properties at 31 December 2014, 2015 and 2016 were assessed by directors.

Investment properties are pledged to a bank as security for general banking facilities granted to the Company.

The following table presents the fair value of the Company's property measured at the end of the reporting period on a recurring basis, categorised into the three-level hierarchy as defined in HKFRS 13, Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3 valuations: Fair value measured using significant unobservable inputs.

As at 31 December 2014

	Level 1	Level 2	Level 3	Total
	HK$	*HK$*	*HK$*	*HK$*
Recurring Fair Value Measurement:				
Investment property located in Hong Kong	—	—	17,291,890	17,291,890

As at 31 December 2015

	Level 1	Level 2	Level 3	Total
	HK$	*HK$*	*HK$*	*HK$*
Recurring Fair Value Measurement:				
Investment property located in Hong Kong	—	—	17,291,890	17,291,890

As at 31 December 2016

	Level 1	Level 2	Level 3	Total
	HK$	*HK$*	*HK$*	*HK$*
Recurring Fair Value Measurement:				
Investment property located in Hong Kong	—	—	51,800,000	51,800,000

As at 31 March 2017

	Level 1	Level 2	Level 3	Total
	HK$	*HK$*	*HK$*	*HK$*
Recurring Fair Value Measurement:				
Investment property located in Hong Kong	—	54,000,000	—	54,000,000

The following table presents the changes in level 3 instruments for the years ended 31 December 2014, 2015 and 2016.

	HK$
As at 1 January 2014, 31 December 2014 and 2015	17,291,890
Fair value change	34,508,110
As at 31 December 2016	51,800,000
Transfer to level 2 measurement	(51,800,000)
As at 31 March 2017	—

12. OTHER FINANCIAL ASSETS

	As at 31 December			As at 31 March
	2014	2015	2016	2017
	HK$	*HK$*	*HK$*	*HK$*
Unlisted investment in Hong Kong	1,534,970	1,405,032	1,413,926	—

This represents the life insurance policy held by the Company for a director being the insured party. The premiums paid are recoverable upon surrender of the policy after deduction of specified surrender charges.

Fair value of the other financial assets was made with reference to the expected interest return generated from the other financial assets. The Company classified the other financial assets in Level 3.

During the three months ended 31 March 2017, the Company was sold the investment to Ms. Lo Yuk Yee, a director of the Company, with consideration of HK$1,513,777.

13. AMOUNT DUE FROM A DIRECTOR

Particulars of amount due from a director are as follows:

	1 January 2014	Maximum amount outstanding during the year	31 December 2014
	HK$	*HK$*	*HK$*
Lo Yuk Yee	7,333,831	9,436,860	5,915,456

	1 January 2015	Maximum amount outstanding during the year	31 December 2015
	HK$	*HK$*	*HK$*
Lo Yuk Yee	5,915,456	8,018,485	5,037,625

	1 January 2016	Maximum amount outstanding during the year	31 December 2016
	HK$	*HK$*	*HK$*
Lo Yuk Yee	5,037,625	5,037,625	—

	1 January 2017	Maximum amount outstanding during the period	31 March 2017
	HK$	*HK$*	*HK$*
Lo Yuk Yee	—	1,513,777	—

The balance was unsecured, interest-free and repayable on demand.

14. AMOUNT DUE FROM A RELATED COMPANY

Particulars of amount due from a related company are as follows:

	1 January 2017	Maximum amount outstanding during the period	31 March 2017
	HK$	*HK$*	*HK$*
Finet Securities Limited	—	659,366	1,061

The balance is unsecured, interest-free and repayable on demand.

15. AMOUNTS DUE TO RELATED COMPANIES

The balances were unsecured, interest-free and repayable on demand.

16. BANK BORROWINGS

	As at 31 December			As at 31 March
	2014	2015	2016	2017
	HK$	*HK$*	*HK$*	*HK$*
Bank borrowings	20,641,340	19,872,080	19,311,002	17,974,614

This amount represents at each reporting date, notwithstanding the agreed instalment schedules which allow these loans to be repaid over a period of more than one year. These bank loans have been represented as current as the bank agreements include clauses which give the bank the ability to recall the loans on demand at its sole direction. However, provided the Company does not breach the events of default included in these agreements, the Company does not expect the bank to exercise these rights.

General banking facilities available to the Company are secured by the followings:

(a) The Company's investment properties (note 11);

(b) An unlimited guarantee given by a director.

17. SHARE CAPITAL

	As at 31 December			As at 31 March
	2014	2015	2016	2017
	HK$	*HK$*	*HK$*	*HK$*
Issued and fully paid:				
1 ordinary share	1	1	1	1

18. CAPITAL MANAGEMENT

Capital comprises of share capital and reserves stated on the statement of financial position. The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for its shareholder.

The Company manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analyses.

The Company is owned by its ultimate holding Company with share capital of HK$1 and which consents to provide financial support to the Company.

The Company is not subject to either internally or externally imposed capital requirements.

19. NON-CASH TRANSACTIONS

During the three months ended 31 March 2017, the Company was sold the investment to Ms. Lo Yuk Yee, a director of the Company, with consideration of HK$1,513,777. Besides, the Company was transferred the bank loan of HK$1,030,848 to Ms. Lo Yuk Yee, a director of the Company.

20. RELATED PARTY TRANSACTIONS

(a) Details of the transactions between the Company and its related parties are summarised below.

	Relationship	For the year ended 31 December			For the three months ended 31 March	
		2014	2015	2016	2016	2017
		HK$	*HK$*	*HK$*	*HK$*	*HK$*
Rental income received from:						
— Maxx Capital Finance Limited	Related company	1,092,000	1,092,000	1,092,000	273,000	32,290
— Finet Securities Limited	Related company	—	—	—	—	374,400
Motor vehicle expenses paid to:						
— Modern Tower Investments Limited	Related company	84,000	84,000	49,000	—	—
Management fee paid to:						
— Maxx Capital International Limited	Related company	—	240,000	—	—	—
— Modern Tower Investments Limited	Related company	240,000	—	—	—	—
Other interest paid to:						
— Maxx Capital International Limited	Related company	135,024	104,425	102,654	—	21,262
— Maxx Capital Finance Limited	Related company	133,351	103,906	102,347	—	19,206

The directors of the Company were in the opinion that the above transaction was entered into in the normal course of business. Ms. Lo Yuk Yee and Mr. Chan Kui Fu, the directors of the Company, control both the Company and the related companies.

Apart from the aforementioned transactions, no other significant transactions, arrangements and contracts to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the Relevant Period.

(b) Directors' emoluments

The aggregate amounts of the director's remuneration for the Relevant Period pursuant to section 383(1) of the Hong Kong Companies Ordinance are Nil.

21. CONTINGENT LIABILITIES

The Company provide guarantee to Avaya Lane Limited and Maxx Capital Finance Limited, common shareholder of the Company, in respect of their loan or credit facilities amounted to HK$9 million as at 31 December 2014, 2015, 2016 and 31 March 2017.

22. OPERATING LEASE

The Company as lessor

Property rental income earned were HK$1,092,000, HK$1,092,000, HK$1,092,000 and HK$406,690 for the years ended 31 December 2014, 2015 and 2016 and during the three months ended 31 March 2017. The property held have committed tenant for the next 2 years.

At the end of the reporting periods, the Company had contracted with tenants for the following future minimum lease payments:

	As at 31 December			As at 31 March
	2014	**2015**	**2016**	**2017**
	HK$	*HK$*	*HK$*	*HK$*
Within one year	1,092,000	1,001,000	1,092,000	1,488,000
In the second to fifth year inclusive	1,001,000	—	1,001,000	1,116,000
	2,093,000	1,001,000	2,093,000	2,604,000

B. SUBSEQUENT EVENTS

No significant events took place subsequent to 31 March 2017.

C. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company in respect of any period subsequent to 31 March 2017 up to the date of this report.

Yours faithfully,
Pan-China (H.K.) CPA Limited
Certified Public Accountants
Wong Chui San Susan
Practising Certificate Number P03771

2. MANAGEMENT DISCUSSION AND ANALYSIS

Set out below is the management discussion and analysis of the Target Company A for the two financial years ended 31 December 2015 and 2016.

Business review

The Target Company A was incorporated and registered in Hong Kong as a private limited company. The principal activity of the Target Company A is investment holding in Hong Kong and its principal asset is the Property A.

Financial results

Revenue

For the two financial years ended 31 December 2015 and 2016, the revenue amounted to HK$2,184,000 and was attributable to the gross rental income generated from the Property A.

Net gains on fair value adjustment on investment property

The Property A was classified as an investment property and was stated at fair value based on the valuation performed by an independent professional valuer. It was initially measured at cost and was subsequently measured at fair value at the end of each financial year. Over the two financial years ended 31 December 2015 and 2016, the change in fair value of investment property of the Property A amounted to HK$34,508,110.

Administrative expenses

The administrative expenses represented the operating expenses to maintain the business. In 2016, the administrative expenses included the waiving of repayment of the amount due from a director of HK$5,037,625.

Financial costs

The financial cost for the two financial years ended 31 December 2015 and 2016 was HK$1,194,403, which comprised of (i) the bank loan interest of HK$634,256, (ii) mortgage loan interest of HK$146,815, and (iii) other interest expenses of HK$413,332.

Income tax expenses

The Target Company A is subject to Hong Kong profits tax and the applicable tax rate is 16.5% of the estimated assessable profit. For the two financial years ended 31 December 2015 and 2016, no Hong Kong profits tax has been provided as the Target Company A has an accumulated loss brought forward which exceeds the estimated assessable profits for the year.

Liquidity and capital resources

Financial position

The asset of the Target Company A comprised the Property A. The Property A was acquired at cost amounting to approximately HK$17,292,000 on 20 April 2007. For the two financial years ended 31 December 2015 and 2016, the Property A was initially classified as property, plant and equipment and subsequently classified as investment property and was appraised by directors of the Target Company A at the fair value of approximately HK$51.8 million on 31 December 2016.

During the two financial years ended 31 December 2015 and 2016, the Target Company A invested in the life insurance for a director, which the director was the insured party. The premiums paid were recoverable upon surrender of the policy after deduction of specified surrender charges. As at 31 December 2016, the insurance policy was valued at HK$1,413,926.

The bank and cash balances of the Target Company A amounted to HK$40,326 as at 31 December 2016. The Target Company A also had a utility and other deposits of HK$47,004.

Over the two financial years ended 31 December 2015 and 2016, the Target Company A funded its business activities through bank borrowings. As at 31 December 2016, the outstanding bank borrowings amounted HK$19,311,002.

In addition to the loans and borrowings set out above, the Target Company A also had accrued charges and deposit received under current liabilities recorded as at 31 December 2016. The accrued charges represented accrued administration expenses and the deposit received represented the deposit from the tenant who was occupying the investment property.

Gearing ratio

The gearing ratio of the Target Company A as at 31 December, which equals to the total debt over total equity, was approximately 57.20%. The high gearing ratio was due to the fact that the Target Company A used bank borrowing to finance the acquisition of the investment property.

Securities and guarantee

The Property A was pledged to a bank as securities for general banking facilities granted to the Target Company A.

Contingent liabilities

As at 31 December 2016, the Target Company A had no material contingent liabilities.

Significant investment held and future plans for material investments or capital assets

The Target Company A did not have any other capital commitments, significant investments, or any plans for material investments or capital assets, except those mentioned above, over the two financial years ended 31 December 2015 and 2016.

The main business operation and the financial position of the Target Company A did not change after 31 December 2016. For the period of three months ended 31 March 2017, the major differences are analyzed below.

Liquidity and capital resources

The life insurance held by the Company for the director was disposed during the three months ended 31 March 2017. The proceeds from the disposal of the life insurance amounted to HK$1,513,777. The balance of the other financial asset as at 31 March 2017 was zero.

The cash and bank balance was increased to HK$363,720 as at 31 March 2017. It was mainly due to the proceeds from the disposal of the life insurance after paying the operating expenses.

Gearing ratio

The gearing ratio of the Target Company A as at 31 March 2017, which is equal to the total debts over total equity, was approximately 50.90%. The gearing ratio decreased as compared to 31 December 2016. This was mainly due to the increase in cash and bank balance and the decrease in bank borrowings as at 31 March 2017.

Securities and guarantee

The Property A was pledged to a bank as securities for general banking facilities granted to the Target Company A.

Contingent liabilities

As at 31 March 2017, the Target Company A had no material contingent liabilities.

Significant investment held and future plans for material investments or capital assets

The Target Company A did not have any other capital commitments, significant investments, or any plans for material investments or capital assets, except those mentioned above, for the three months ended 31 March 2017.

1. INTRODUCTION OF THE UNAUDITED PRO FORMA STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP

The following is the unaudited pro forma consolidated statement of financial position of the Enlarged Group (the "**Unaudited Pro Forma Financial Information**") which has been prepared in accordance with paragraph 27 of Chapter 7 of the GEM Listing Rules for the purpose of illustrating the effect on the assets and liabilities of the Enlarged Group as if the acquisition of target company (the "**Acquisition**") had been completed on 31 March 2017.

The Unaudited Pro Forma Financial Information of the Enlarged Group as at 31 March 2017 has been prepared based on the information as set out in:

(a) the audited consolidated statement of financial position of the Group as at 31 March 2017 which has been extracted from the published annual report of the Company for the year ended 31 March 2017;

(b) the audited statement of financial position of the Target Company as at 31 March 2017 as set out in the Accountants' Report on the Target Company set out in the appendix II to this Circular;

(c) after taking into account of the unaudited pro forma adjustments, which are directly attributable to the Acquisition and factually supportable, as described in the notes thereto to demonstrate how the Acquisition might have affected the historical financial information in respect of the Group as if the Acquisition had been completed on 31 March 2017.

The Unaudited Pro Forma Financial Information should be read in conjunction with the "Financial Information of the Group" set forth in Appendix I to this Circular, the "Accountants' Report on the Maxon Management Limited" set forth in Appendix II to this Circular, and other financial information included elsewhere of this Circular.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared by the Directors of the Company for illustrative purposes only and is based on a number of assumptions, estimates, uncertainties and currently available information. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not reflect the true picture of the consolidated financial position of the Enlarged Group as at 31 March 2017 or at any future date.

PRO FORMA STATEMENT FOR ENLARGED GROUP

	FGL At 31 March 2017	Maxon At 31 March 2017	Sub-total	Pro forma Adj #1	Pro forma Adj #2	Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*		*Note 3*	*Note 4*	
Non-current assets						
Property, plant and equipment	6,680	1	6,681			6,681
Investment properties	98,800	54,000	152,800			152,800
Intangible assets	950	—	950			950
Statutory deposits and other assets	656	—	656			656
	107,086	54,001	161,087			161,087
Current assets						
Accounts receivable	18,072	—	18,072			18,072
Prepayments, deposits and other receivables	13,027	47	13,074			13,074
Tax Recoverable	—	50	50			50
Financial assets at fair value through profit and loss	10,400	10,400	10,400			
Client trust bank balances	129	—	129			129
Cash and cash equivalents	57,016	364	57,380	(40,089)	(788)	16,503
	98,644	461	99,105			58,228
Current liabilities						
Accounts payable	1,668	—	1,668			1,668
Accruals and other payables	14,173	397	14,570			14,570
Deferred income	480	—	480			480
Amount due to a related company	881	—	881			881
Borrowings	26,667	17,975	44,642			44,642
	43,869	18,372	62,241			62,241
Net current assets/ (liabilities)	54,775	(17,911)	36,864			(4,013)
Total assets less current liabilities	161,861	36,090	197,951			157,074

	FGL At 31 March 2017	Maxon At 31 March 2017	Sub-total	Pro forma Adj #1	Pro forma Adj #2	Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*		*Note 3*	*Note 4*	
Non-current liabilities						
Convertible bonds	62,858	—	62,858			62,858
Deferred tax liabilities	11,125	—	11,125			11,125
	73,983	—	73,983			73,983
Net assets	87,878	36,090	123,968			83,091
Equity						
Capital and reserve attributable to owners of the company						
Share capital	5,290	—	5,290			5,290
Reserves	90,811	36,090	126,901	(40,089)	(788)	86,024
	96,101	36,090	132,191			91,314
Non-controlling interests	(8,223)	—	(8,223)			(8,223)
	87,878	36,090	123,968			83,091

Notes:

(1) The amounts are extracted from the audited consolidated statement of financial position of the Group as at 31 March 2017 as set out in the Group's published annual report dated 26 June 2017.

(2) The amounts are extracted from the Accountant's Report on the Target Company as set out in the Appendix II to this Circular.

(3) The adjustment reflects the consideration for the Acquisition to be satisfied by the Company. Pursuant to the New Provisional Agreement, the amount of consideration should be adjusted with reference to the Net Tangible Asset Value of the Target Company as follows:

	Maxon
	HK$'000
Consideration	58,000
Less: Net Tangible Asset Value of the Target Company as at 31 March 2017	(17,911)
Net consideration	40,089

(4) The adjustment is made to reflect the accrual for the estimated transaction costs, such as professional fees and printing costs, of approximately HK$788,000 that are directly attributable to the Acquisition.

(5) No other adjustment has been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2017.

2. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

The following is the text of a report prepared for the purpose of incorporation in this circular, received from Pan-China (H.K.) CPA Limited, Certified Public Accountants.

PAN-CHINA (H.K.) CPA LIMITED Certified Public Accountants
天健(香港)會計師事務所有限公司

4 August 2017

The Directors
Finet Group Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information (the "**Unaudited Pro Forma Financial Information**") of Finet Group Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The Unaudited Pro Forma Financial Information consists of the unaudited pro forma statement of assets and liabilities of the Group as at 31 March 2017 and related notes as set out on pages III-2 to III-3 of the circular of the Company dated 4 August 2017 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on page III-1 of Appendix III to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed acquisition of 100% equity interest of Maxon Management Limited (the "**Proposed Transactions**") on the Group's assets and liabilities as at 31 March 2017 as if the Proposed Transactions had taken place at 31 March 2017. As part of this process, information about the Group's assets and liabilities has been extracted by the Directors from the Group's audited condensed consolidated financial statements for the year ended 31 March 2017, on which an auditor's report has been published.

DIRECTORS' RESPONSIBILITY FOR THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.27 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and with reference to Accounting Guideline 7

"Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANT'S RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 7.27 of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owned to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.27 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2017 would have been as presented.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

— the related pro forma adjustments give appropriate effect to those criteria; and

— the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the pro forma adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information on the Group as disclosed pursuant to paragraph 7.27 of the GEM Listing Rules.

Your faithfully,
Pan-China (H.K.) CPA Limited
Certified Public Accountants

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Ascent Partners Valuation Service Limited, an independent valuer, in connection with its valuation as at 31 July 2017 of the property interests to be acquired by the Group.

Suite 2102, Hong Kong Trade Centre
161–167 Des Voeux Road Central
Hong Kong
Tel: 3679-3890
Fax: 3579-0884

Date: 4 August 2017

The Board of Directors
Finet Group Limited

30/F., Fortis Tower
77–79 Gloucester Road
Wan Chai
Hong Kong

Dear Sir/Madam,

RE: Valuation of Unit C on 11th Floor, Bank of East Asia Harbour View Centre, No. 56 Gloucester Road, Hong Kong (the "Property")

In accordance with the instructions received from Finet Group Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") for us to carry out a valuation of the Property to be acquired, we confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at 31 July 2017 (referred to as the "**Valuation Date**") for the purpose of incorporation in the circular of the Group.

BASIS OF VALUATION

Our valuation of the property interests represents the market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's — length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

In valuing the property interests, we have complied with all the requirements contained in Chapter 8 of the Rules Governing the Listing of Securities on the Growth Enterprise Market issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

VALUATION METHODOLOGY

We have valued the property interests on market basis and the direct comparison method is adopted where comparison based on prices realised on actual sales price of comparable property is made. Comparable properties of similar size, character, and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of values.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the seller sells the property interests on the open market in their existing states without the benefit of a deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements, which could serve to affect the values of the property interests.

No allowance has been made in our valuation for any charges, mortgages or amount owing on any property interests nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, we have assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect their value.

Unless stated as otherwise, we have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of all laws. We have further assumed that, for any use of the Property upon which this report is based, all required licenses, permit, certificate and authorizations have been obtained.

Other special assumptions of the property interests, if any, have been stated out in the footnotes of the valuation certificate attached herewith.

TITLE INVESTIGATION

We have carried out title searches at the Land Registry for the property interests located in Hong Kong. We have been, in some instances, provided with the extracts of the documents relating to the Property. However, we have not verified ownership of the Property to verify the existence of any amendments which do not appear on the copies handed to us. All documents have been used for reference only.

VALUATION CONSIDERATIONS

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us on such matters, in particular, but not limited to, the sales records, tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the property interests. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

We have inspected the exterior and, wherever possible, the interior of the Property but no structural survey had been made. In the course of our inspection, we did not note any serious defects. We are not, however, able to report that the Property is free from rot, infestation or any other structural defects. Further, no test has been carried out on any of the building services. All dimensions, measurements and areas are only approximates. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the Property and we have assumed that the areas shown on the copies of documents handed to us are correct.

REMARKS

Unless otherwise stated, all monetary amounts stated in this report are in Hong Kong Dollars (HKD).

Our summary of values and valuation certificates in respect of the property interests are herewith attached.

Yours faithfully,
For and on behalf of
Ascent Partners Valuation Service Limited

Stephen Y. W. Yeung
MFin BSc(Hons) Land Adm. MHKIS MCIREA RPS(GP)
Principal

Mr. Stephen Y. W. Yeung is a Registered Professional Surveyor (General Practice Division) and a Professional Member of The Hong Kong Institute of Surveyors with over 10 years' experience in valuation of properties in HKSAR and mainland China. Mr. Yeung is also a valuer on the List of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by HKIS.

VALUATION CERTIFICATE

Property interests to be acquired by the Group for self-use in Hong Kong

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 July 2017
Unit C on 11th Floor, Bank of East Asia Harbour View Centre, No. 56 Gloucester Road, Hong Kong	The property comprises an office unit on the 11th floor of a 30-storey office building completed in about 1991.	Pursuant to the tenancy agreement provided by the Group, the property was leased for office use as stated in Note 3.	HKD58,000,000 (Hong Kong Dollar Fifty Eight Million)
188410/19581678th shares of and in Section M and the Remaining Portion of Section F of Inland Lot No. 2817; the Remaining Portion of Section D and the Remaining Portion of Inland Lot No. 2818	As scaled off from the building plans obtained from the Buildings Department, the saleable area of the property is approximately 1,755 square feet. Inland Lot No. 2817 is held under Government Lease for a term of 99 years renewable for 99 years commencing on 26 March 1929. Inland Lot No. 2818 is held under Government Lease for a term of 99 years renewable for 99 years commencing on 25 May 1929. The total Government rent payable for the lots is HKD329 per annum.		

Notes:

(1) The registered owner of the property is Maxon Management Limited vide Memorial No. 07051800570026 dated 20 April 2007.

(2) Pursuant to the Land Register record dated 1 August 2018, the Property is subject to the following encumbrances:

(i) An Occupation Permit No. H111/90 vide Memorial No. UB4676952 dated 31 October 1990;

(ii) A Deed of Mutual Covenant vide Memorial No. UB4942689 dated 3 January 1991 (previously registered by Memorial No. UB4699812 dated 3 January 1991);

(iii) A Sub-Deed of Mutual Covenant vide Memorial No. UB9121304 dated 12 January 2004;

(iv) A Sub-Sub-Deed of Mutual Covenant vide Memorial No. UB9466701 dated 10 January 2005;

(v) A Mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. 07051800570032 dated 20 April 2007; and

(vi) An Assignment of Rentals in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. 07051800570041 dated 20 April 2007.

(3) Pursuant to a tenancy agreement dated 12 January 2017 entered into between Maxon Management Limited (the "Lessor") and Finet Securities Limited (the "Lessee"), the property was leased for a term of two years commencing on 12 January 2017 and expiring on 11 January 2019 at a monthly rental of HKD124,800 exclusive of rates, management fees, air-conditioning charges and any other outgoings for office purpose with an option to new the tenancy agreement for a further term of two years.

(4) The property lies within an area zoned "Commercial" under the draft Wan Chai Outline Zoning Plan No. S/H5/27 exhibited on 3 August 2012.

(5) The property is located along Gloucester Road abutting to Jaffe Road and Luard Road in Wan Chai which is one of the prime business centres on the Island side. The locality largely comprises various office developments as well as 5-star hotels including Harcourt House, the Hong Kong Convention and Exhibition Centre, Shui On Centre, Central Plaza, Grand Hyatt Hong Kong, Renaissance Hotel, Gloucester Luk Kwok etc. Government buildings including the Immigration Tower and Revenue Tower are located in the opposite. High street shops such as luxurious car show rooms, entertainment facilities including cafe, bars and restaurants of all kinds can also be found in the immediate vicinity. Transportation is convenient, it is accessible via franchised bus, tram, public light-bus, taxi and the Wan Chai MTR Station is also within close walking distance. According to the information from the Rating and Valuation Department, the latest average yield is about 2.8% for Grade A office.

(6) We were instructed by the Group to provide a valuation of the property in May and the market value assessed as at 30 April 2017 is HKD58,000,000.

(7) The Group has confirmed as follows:

(i) No options or rights of pre-emption concerning or affecting the property;

(ii) No environmental issues such as breach of environmental regulations;

(iii) No notices, pending litigation, breach of law or title defects affecting the property;

(iv) No plans for construction, renovation, improvement or development of the property; and

(v) No plans to dispose of or change the use of the property.

(8) The inspection was performed by Ms. Isabella Qiu (MSc in Construction and Real Estate) on 31 July 2017.

1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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.

2. DISCLOSURE OF INTERESTS

A. Directors' and chief executive's interests and short positions in the shares and underlying Shares

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO as recorded in the register required to be kept under section 352 of the SFO) or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

(a) Long positions in the Shares and underlying Shares of the Company and its associated corporations

		Number of shares and capacity in which the shares were held		Number of underlying shares and capacity in which the shares were held			
Name of Director	**Name of Group member/associated corporations**	**Beneficial owner**	**Interest of controlled corporation**	**Beneficial owner**	**Interest of controlled corporation**	**Total number of Shares**	**% of shares** *(note 2)* **in issue**
Executive Director:							
Ms. Lo	The Company	58,058,058 (L)	239,439,784 (L)	—	—	—	56.24% (L)
			26,184,539 (S)	—	—	—	4.95% (S)
Ms. Lo	Maxx Capital International Limited ("Maxx Capital") *(Note 1)*	—	2 shares of US$1 each	—	—	2 shares of US$1 each	100%
Ms. Lo	Pablos International Limited ("Pablos") *(Note 1)*	1,000 shares of US$1 each	—	—	—	1,000 shares of US$1 each	100%
Mr. Chow Wing Chau ("Mr. Chow")	The Company	—	—	500,000 (L)	—	500,000 (L)	0.09%

(L) denotes long positions
(S) denotes short positions

Notes:

1. 206,439,784 Shares were held by Maxx Capital International Limited ("Maxx Capital"), which was wholly-owned by Pablos International Limited ("Pablos"), and Pablos was wholly-owned by Ms. Lo. Accordingly, Ms. Lo was deemed by virtue of the SFO to be interested in 297,497,842 Shares.

2. As at the Latest Practicable Date, the Company had 528,980,880 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company nor their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

B. Substantial shareholders' interest and short position in the Shares

As at the Latest Practicable Date, so far as the Directors are aware, persons other than the Directors or chief executives of the Company who have interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO, were as follows:

(a) Long positions in the Shares

Name of Shareholders	Capacity	Number of Shares held	Number of Underlying Shares held	Total Number of Shares	Approximate percentage of existing shareholding *(note 2)*
Ms. Lo *(Note 1)*	Beneficial Owner	58,058,058 (L)	—	297,497,842 (L)	56.24%
	Interest of Controlled Corporation	239,439,784 (L)			
Pablos *(Note 1)*	Interest of Controlled Corporation	206,439,784 (L)	—	206,439,784 (L)	39.03%
Maxx Capital *(Note 1)*	Beneficial Owner	206,439,784 (L)	—	206,439,784 (L)	39.03%
Wise Capital Limited *(Note 1)*	Beneficial Owner	33,000,000 (L)	—	33,000,000 (L)	6.24%
Central Huijin Investment Ltd.	Interest of Controlled Corporation	160,799,924 (L)	—	160,799,924 (L)	30.40%
China Construction Bank Corporation	Interest of Controlled Corporation	160,799,924 (L)	—	160,799,924 (L)	30.40%
Wang Yuan	Beneficial Owner	39,000,000 (L)	—	39,000,000 (L)	7.37%
Broadgain International Limited	Beneficial Owner	43,800,000 (L)	—	43,800,000 (L)	8.28%

(L) denotes long positions

(b) Short positions in the Shares

Name of Shareholders	Capacity	Number of Shares held	Number of Underlying Shares held	Total Number of Shares	Approximate percentage of existing shareholding *(note 2)*
Substantial Shareholders					
Ms. Lo *(Note 1)*	Interest of Controlled Corporation	26,184,539 (S)	—	26,184,539 (S)	4.95%
Pablos *(Note 1)*	Interest of Controlled Corporation	26,184,539 (S)	—	26,184,539 (S)	4.95%
Maxx Capital *(Note 1)*	Interest of Controlled Corporation	26,184,539 (S)	—	26,184,539 (S)	4.95%

(S) denotes short positions

Notes:

1. 206,439,784 Shares were held by Maxx Capital, which was wholly-owned by Pablos, and Pablos was wholly-owned by Ms. Lo, a director of the Company. Ms. Lo is a director of each of Maxx Capital and Pablos.

2. As at the Latest Practicable Date, the Company had 528,980,880 Shares.

3. DIRECTORS' SERVICES CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

4. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and Controlling Shareholder, or their respective associates were considered to have interest in any business which competes or may compete, either directly or indirectly, with the business of the Group or have or may have any other conflicts of interest with the Group pursuant to the GEM Listing Rules.

5. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since 31 March 2016, the date to which the latest published audited consolidated financial statements of the Company were made up.

As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement which is significant in relation to the business of the Group.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

7. EXPERTS AND CONSENTS

The following are the qualifications of the experts whose letters and reports are contained in this circular:

Name	Qualification
Octal Capital Limited	a licensed corporation to carry on Type 1 (dealing on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Pan-China (H.K.) CPA Limited ("**Pan-China**")	Certified Public Accountants, Hong Kong
Ascent Partners Valuation Service Limited ("**Ascent Partners**")	Independent Property Valuer

Each of Octal Capital Limited, Pan-China and Ascent Partners has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or report and the reference to its name in the form and context in which they appear.

As at the Latest Practicable Date, Octal Capital Limited, Pan-China and Ascent Partners did not have any shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Octal Capital Limited, Pan-China and Ascent Partners did not have any direct or indirect interest in any assets which have been, since 31 March 2017 (the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. MATERIAL CONTRACTS

Saved as disclosed below, none of the members of the Group has entered into any contracts (not being contracts entered into the ordinary course of business) within the two years immediately preceding the date of this circular that are or may be material:

A. the Supplemental Agreement A dated 13 July 2017 entered into among the Purchaser and the Vendor in relation to a share in Target Company A for the consideration of HK$54,000,000 (subject to adjustment) in relation to the Property A;

B. the New Provisional Agreement A dated 11 May 2017 entered into among the Purchaser and the Vendor in relation to the 1 share in Target Company A for the consideration of HK$58,000,000 (subject to adjustment) in relation to the Property A;

C. the Termination Agreement A dated 11 May 2017 entered into among the Purchaser and the Vendor, pursuant to which the Previous Provisional Agreement A dated 24 April 2017 was terminated;

D. the provisional agreement dated 13 March 2017 entered into among the Finet Group (BVI) Limited, a direct wholly-owned subsidiary of the Company, and BACOB Management Limited and Ms. Lo as the guarantor of the Finet Group (BVI) Limited in respect of the Pink Angel Property at a consideration of HK$68,000,000 (subject to adjustment);

E. the sale and purchase agreement dated 1 September 2016 in which Ms. Lo, being the purchaser, and the Company, being the vendor, in respect of the sale of entire shares of China Finance Holdings Limited at the consideration of HK$5,000,000, and China Finance Holdings Limited shall not be engaged in the business of dealing in securities which may directly or indirectly compete with the Company; and

F. the subscription agreement dated 8 September 2015 as supplemented and amended by the supplemental agreement dated 29 September 2015 entered into between the Company, being the issuer, and Maxx Capital International Limited, being the subscriber in respect of the subscription of the convertible bonds with an aggregate principal amount of HK$69,696,000. The convertible bonds mature on 2nd anniversary of the date of issue of the convertible bonds and bear an interest of 3% per annum. The conversion price is HK$0.396 per conversion share and the conversion period commences from the date of issue of the convertible bonds and ends on the day which falls on the 2nd anniversary of the date of issue.

9. GENERAL

(a) The registered address of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(b) The registered office and principal place of business of the Company in Hong Kong is at Room C, 11/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

(c) The principal share registrar and transfer office of the Company is at Codan Services Limited, Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(d) The Hong Kong branch share registrar and transfer office of the Company is at Computershare Hong Kong Investor Services Limited, Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(e) The company secretary of the Company is Mr. Po Eric, a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

(f) The Company has established an audit committee with written terms of reference in accordance with Rule 5.28 of the GEM Listing Rules. The audit committee of the Company comprises three members who are independent non-executive Directors, namely, Mr. Wong Wai Kin, Mr. Siu Siu Ling, Robert and Mr. Leung Chi Hung with Mr. Wong Wai Kin as the chairman thereof. The principal duties of the audit committee of the Company are to monitoring the quality of internal control and ensuring the financial performance of the Company is properly measured and reported on, receiving and reviewing reports from management and the auditors relating to the annual and interim accounts, and monitoring the accounting and internal control system in use throughout the Group.

(g) the compliance officer to the Company is Yiu Wing Hei, who is the Investment Director of General Nice Resources (Hong Kong) Limited and the Investment Consultant of Abterra Limited, a company listed in the Singapore Exchange Securities Trading Limited. He graduated from the University of Hong Kong with a Bachelor degree, majoring in Economics and Finance.

(h) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) from 10:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 5:00 p.m. at the head office and principal place of business of the Company at 30/F., Fortis Tower 77–79 Gloucester Road Wanchai, Hong Kong from the date of this circular up to and including the date of the SGM:

A. the memorandum of association and bye-laws of the Company;

B. the annual report of the Company for each of the three years ended 31 March 2015, 2016 and 2017;

C. the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix V;

D. a copy of the circular issued by the Company pursuant to the requirements set out in Chapter 19 and/or 20 of the GEM Listing Rules since 31 March 2017 (being the date to which the latest published audited consolidated financial statements of the Company was made), being the circular issued on 23 May 2017 in relation to the disposal of Pink Angel Property;

E. the letter from the Board, the text of which is set out on pages 5 to 15 of this circular;

F. the letter from the Independent Board Committee, the text of which is set out on pages 16 to 17 of this circular;

G. the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 18 to 30 of this circular;

H. the accountants' report on the Target Company A from Pan-China, the text of which is set out in Appendix II;

I. the consent letters from Octal Capital Limited, Pan-China and Ascent Partners referred to the section headed "Experts and Consents" in this Appendix V;

J. the letter from Pan-China in respect of the unaudited proforma financial information of the Enlarged Group, the text of which is set out in Appendix III of this circular;

K. the valuation reports on the Properties issued by the valuer as set out in Appendix IV of this circular;

L. the Termination Agreement A;

M. the New Provisional Agreement A;

N. the Supplemental Agreement A; and

O. this circular.

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)

NOTICE OF THE SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of shareholders (the "**SGM**") of Finet Group Limited (the "**Company**") will be held at 30/F, Fortis Tower, 77–79 Gloucester Road, Wanchai, Hong Kong on 24 August 2017 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution. Capitalised terms defined in the circular dated 4 August 2017 issued by the Company (the "**Circular**") shall have the same meanings when used in this notice unless otherwise specified.

ORDINARY RESOLUTION

"**THAT**

the entering into and the terms and conditions of the New Provisional Agreement A dated 11 May 2017 and the Supplemental Agreement A dated 13 July 2017 between the Purchaser and the Vendor (a copy of which is marked "A" and initialed by the chairman of the meeting for the purpose of identification) and the transaction contemplated thereunder and their implementation and completion be and hereby approved, confirmed and ratified and

Any director of the Company be and is hereby authorised for and on behalf of the Company to, sign, execute and deliver or to authorise the signing, execution and delivery of all such documents and deeds, to do or authorise doing all such acts, matters and things as he/she may in his/her discretion consider necessary, expedient or desirable to give effect to and implement the New Provisional Agreement A dated 11 May 2017 and the Supplemental Agreement A dated 13 July 2017 and transactions thereof."

By Order of the Board
Finet Group Limited
Lo Yuk Yee
Chairman

Hong Kong, 4 August 2017

Notes:

1. A form of proxy for use at the meeting is enclosed herewith.

2. Any member of the Company entitled to attend and vote at the abovementioned meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him to attend the abovementioned meeting and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

3. In the case of joint holders of Shares, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he were solely entitled thereto, but if more than one of such joint holders are present at the SGM, personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.

4. To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1712–1716, 17th Floor, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

5. To be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof must be delivered to the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (the "**Branch Share Registrar**") not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

6. Whether or not you propose to attend the meeting in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of the form of proxy will not preclude you from attending the meeting and voting in person if you so wish. In the event that you attend the meeting after having lodged the form of proxy, the appointment of the proxy will be deemed to have been revoked.

7. To qualify for attending and voting at the SGM (or any adjournment thereof), all transfers of Shares accompanied by the relevant share certificate(s) must be lodged with the Branch Share Registrar at the above address by no later than 4:00 p.m. on Thursday, 17 August 2017.

8. Delivery of an instrument appointing a proxy should not preclude a member of the Company from attending and voting in person at the SGM or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.

9. Where in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited, all resolutions to be proposed at the meeting convened by this notice will be voted on by way of poll.

10. In case a Typhoon Signal No. 8 (or above) or a Black Rainstorm Warning Signal is hoisted but lowered before 7:00 a.m. on Thursday, 24 August 2017, the SGM will be held as scheduled at 11:00 a.m. on the same day at the same venue; or a Typhoon Signal No. 8 (or above) or a Black Rainstorm Warning Signal is hoisted or remains hoisted at 7:00 a.m. or any time after on Thursday, 24 August 2017, the SGM will be adjourned to 11:00 a.m. on Thursday, 31 August 2017 at the same venue.

As at the date of this notice, the executive Directors are Ms. Lo Yuk Yee, Mr. Chow Wing Chau and Mr. Yiu Wing Hei; and the independent non-executive Directors are Mr. Wong Wai Kin, Mr. Siu Siu Ling, Robert and Mr. Leung Chi Hung.