

**FINET GROUP LTD:
CHAIRMAN GEORGE YU IS ACCUSED OF NOT HONOURING A 1996 DEBT**

The Chairman of [Finet Group Ltd \(\)](#) (Code: 8317, The Growth Enterprise Market [The GEM] of The Stock Exchange of Hongkong Ltd) has just been sued for \$HK3 million.

Mr George Gang Yu () was sued by Mr Chang Wen Shiann () in respect of an alleged 1996 loan in the amount of \$US750,000 (about \$HK5.85 million).

According to Paragraph 2 of the Statement of Claim in Action Number 1436, lodged in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), Mr George Yu '*acknowledged that the said loan in the sum of US\$750,000 remained outstanding*' by virtue of an agreement, written in the Chinese language and dated January 11, 2006.

Under this purported agreement, it is alleged that Mr George Yu agreed:

- '(a) to repay the Plaintiff the sum of US\$1,000,000, being the aggregate of the said sum of US\$750,000 and interest accrued as at 11 January 2006 (which is equivalent to the sum of HK\$7,800,000), in the following manner:-*
 - (i) HK\$3,000,000 payable before 31 March 2006; and*
 - (ii) HK\$4,800,000 payable before 30 September 2006; and*
- (b) that compound interest at the rate of 15% per annum would be payable on any sums overdue.'*

The date of March 31, 2006, came and went, but Mr George Yu did not honour his financial obligations to Mr Chang Wen Shiann, it is alleged.

It is further alleged that a solicitor's letter was sent to Mr George Yu, demanding immediate payment of \$HK3 million together with interest, however, '*the Defendant has failed and/or refused and still fails and/or refuses to repay the amount outstanding to the Plaintiff.*'

Since there is alleged to be another payment due and owing by Mr George Yu to Mr Chang Wen Shiann in the amount of \$HK4.80 million before September 30, 2006, it is likely that this **TARGET ()** report is merely the beginning of this little saga between, what must have been, a long-standing friendship, which has now gone sour.

One would think, however, that Mr George Yu would have little trouble in paying this alleged personal financial commitment because it was only on July 3, 2006, that Finet Group Ltd managed to Place a total of 24.20 million shares at 85 cents per share, raising, after all expenses, about \$HK20 million.

Mr George Yu is shown, in the announcement in respect of that cash-raising exercise, to own, legally, 41.88 percent of the Issued and Fully Paid-Up Share Capital of the Company via another company, Opulent Oriental International Ltd, in which he is beneficially interested to the extent of 75 percent, the remaining 25 percent of that company's Share Capital, being owned by Union Stars Group Ltd, which is said to be an independent company, not associated with Finet Group Ltd and/or its connected persons.

According to the database of **TOLFIN ()** (The Computerised Online Financial Intelligence Service and

Web-Based, Credit-Checking Provider), Union Stars Groups Ltd is beneficially owned by Mr Chang Wen Shiann – that selfsame person who has just launched an Action in the High Court of the HKSAR, naming Mr George Yu as the lone Defendant.

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