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**FINET GROUP LIMITED**  
**財華社集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
(Stock code: 8317)

**MEMORANDUM OF UNDERSTANDING IN  
RESPECT OF PROPOSED ACQUISITION**

The Board is pleased to announce that on 26th November, 2006, the Company entered into a Memorandum of Understanding with the Vendor, pursuant to which the Company may acquire from the Vendor 50% of the shareholding interests in China PRNews, which is principally engaged in the business of media distribution network in China.

Under the Memorandum of Understanding, both the Company and the Vendor will proceed to the negotiation for a legally binding Formal Agreement within 90 days upon the signing of the Memorandum of Understanding (or such later date to be agreed by the parties). The entering into the legally binding Formal Agreement is subject to conditions including, inter alia, (i) the Company's satisfaction of the Due Diligence Review of China PRNews; (ii) all necessary consents, approvals and authorizations having been obtained by the Company; and (iii) any other conditions as required by the Company. It is also agreed that the Vendor will not, within 90 days upon the signing of the Memorandum of Understanding (or such other date to be agreed by the parties), negotiate with any third party for the disposal of such equity interests in China PRNews.

Shareholders should note that the Memorandum of Understanding may or may not lead to any agreement and the Proposed Acquisition may or may not proceed. No Formal Agreement in relation to the Proposed Acquisition has been entered into as at the date of this announcement. It is the common intention of the Vendor and the Company to negotiate in good faith the terms of the Proposed Acquisition with a view of (i) commencing Due Diligence Review; and (ii) reaching commercial agreement and signing the Formal Agreement. **As the Proposed Acquisition may or may not proceed, the Company's shareholders and investors are advised to exercise caution when dealing in the Company's shares.**

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules. Further announcement in respect of the Proposed Acquisition will be made by the Company as and when appropriate in accordance with the GEM Listing Rules.

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### **Background of China PRNews and Reasons for Entering into the Memorandum of Understanding**

As emphasized in the Company's 2005/2006 Annual Report, the Company would actively seek acquisitive and investment targets in China that would offer a strategic fit. According to the Company's China IMM (Internet, Mobile, and Media) strategy aiming to seize the enormous market opportunities arising from China's 130 million Internet users and 450 million mobile users in the new media age, the Company has decided that the Proposed Acquisition in China PRNews will mark the Company's first strategic investment to expand its presence in China's online media industry and pave the way for its future acquisitions in line with the Company's China IMM strategy.

China PRNews has established the most extensive online media network in China to provide electronic press release distribution services for listed companies, China-based multinationals and public relations professionals. Among China PRNews's massive media network are the formal partnerships with over 100 top-tier online portals in China and a sizable database of over 5,000 reporter and media contacts across China. More than 600 corporate customers, comprising nearly half of China's listed companies and renowned multinationals, have regularly distributed their press releases through China PRNews' massive media network.

In view of the strengths of China PRNews and the potential synergies following the transaction (if consummated), the Directors contemplate the Proposed Acquisition will benefit the Company for the following reasons:

- (i) It will accelerate the Company's entry into China's burgeoning online media industry and allow the Company to exploit revenue potentials from the media network's aggregate online traffic, which altogether represents nearly one billion daily page views.
- (ii) The combined number of corporate customers of the Company and China PRNews will create a critical mass in the Chinese news distribution service and consolidate a market leadership position.
- (iii) It will prompt customer acquisition for the Company's existing services by providing an instant access to China PRNews' listed company customers. China currently has more than 1,500 domestic listed companies, which are undergoing successive flotation of their non-tradable shares. China further has more than 300 overseas listed companies, mostly listed in Hong Kong and the USA. They all have a high demand for increased transparency to investors with multi-market Chinese financial information that the Company excels in.
- (iv) It will tap into the Internet capabilities of China PRNews, which has a state-of-the-art online portal to process all press release upload, distribution, monitoring and search automatically.

The Company mapped out the China IMM strategy that would lead the Company to explosive growth through aggressive acquisitions and investments in China's fastest growing industries – Internet, Mobile and Media. The Directors consider that China PRNews represents a strategic entry in the online media sector of this IMM strategy and the Proposed Acquisition will kick start the IMM strategy in a short period of time. As a result, the Company has decided to enter into the Memorandum of Understanding with the Vendor to grasp the aforementioned potential benefits once the Proposed Acquisition is consummated.

### **Memorandum of Understanding**

**Date:** 26th November, 2006

**Parties:** the Company; and  
the Vendor

**Consideration:** the basis of consideration and purchase price are subject to, among other things, further negotiation and finalization and will be fixed with terms satisfactory to the Company and the Vendor

**Subject matter:** 50% of the shareholding interests in China PRNews

### **Conditions**

Under the Memorandum of Understanding, both the Company and the Vendor will proceed to the negotiation for a legally binding Formal Agreement within 90 days upon the signing of the Memorandum of Understanding (or such later date to be agreed by the parties). The entering into the legally binding Formal Agreement is subject to conditions including, inter alia, (i) the Company's satisfaction of the Due Diligence Review of China PRNews; (ii) all necessary consents, approvals and authorizations having been obtained by the Company; and (iii) any other conditions as required by the Company. It is also agreed that the Vendor will not, within 90 days upon the signing of the Memorandum of Understanding (or such other date to be agreed by the parties), negotiate with any third party for the disposal of such equity interests in China PRNews.

The Company confirms that the Vendor (and its ultimate beneficial owner), which holds not less than 50% shareholding interests in China PRNews, is not connected with the Company, the directors, chief executive, substantial shareholders of the Company, its subsidiaries and their respective associates (as defined in the GEM Listing Rules).

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## DEFINITIONS

The following words and phrases used in this announcement have the following meaning:

“associate(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“China PRNews”	China PRNews Limited, a company principally engaged in the business of media distribution network in China
“Company”	Finet Group Limited, a company incorporated in the Cayman Islands and whose shares are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8317)
“Directors”	directors of the Company
“Due Diligence Review”	a due diligence review of the financial condition, assets, business and relevant information of and relating to China PRNews and its subsidiaries to the satisfaction of the Company
“Formal Agreement”	the sale and purchase agreement which may or may not be entered into in relation to the Proposed Acquisition
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Memorandum of Understanding”	A memorandum of understanding dated 26th November, 2006, entered into between the Vendor and the Company for the Proposed Acquisition
“Proposed Acquisition”	The proposed acquisition by the Company from the Vendor of 50% of the shareholding interests in China PRNews
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	A company (and its ultimate beneficial owner) which holds not less than 50% shareholding interests in China PRNews and is not connected with the Company, the directors, chief executive & substantial shareholders of the Company, its subsidiaries and their respective associates (as defined under the GEM Listing Rules)

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong

“%”

per cent

By Order of the Board

**Yu Gang, George**

*Chairman*

Hong Kong, 27th November, 2006

*As at the date of this announcement, the executive director of the Company is Dr. Yu Gang, George, the non-executive directors are Dr. Kwan Pun Fong, Vincent and Mr. Brendan McMahon, and the independent non-executive directors are Dr. Lam Lee G., Mr. Wu Tak Lung and Mr. William Hay.*

*This announcement, for which the directors of the Company (“Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquires, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least seven days from the day of its posting and on the website of the Company at [www.e-finet.com](http://www.e-finet.com).*