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財華社
FINET

FINET GROUP LIMITED

財華社集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8317)

DISCLOSEABLE TRANSACTION RELATING TO THE ACQUISITION BY THE PRIDE OF TREASURE FUND OF A 12% INTEREST IN THE ISSUED SHARE CAPITAL OF CHINA GAME & DIGITAL ENTERTAINMENT LIMITED

The Board is delighted to announce that on 1 June 2007, the Company entered into the Agreement with POTF pursuant to which the Company shall transfer to POTF and POTF shall acquire from the Company a 12% interest in China Game Company (the company incorporated by the Company to hold its interests in East Treasure Group) for an aggregate cash consideration of US\$4,000,000 (approximately HK\$31,200,000).

The Transaction constitutes a discloseable transaction for the Company. The Company will as soon as practicable despatch a circular to the Shareholders setting out further information about the Transaction.

Reference is made to the announcement of the Company dated 16 May 2007 in relation to the acquisition by the Company of the entire issued share capital of East Treasure Limited. Unless the context specifies otherwise, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

It was disclosed in the Announcement that in order to finance the Acquisition and the related investments in the East Treasure Group, the Company was, *inter alia*, exploring the possibility of a consortium of investors taking an interest in China Game Company (the company incorporated by the Company to hold its interests in the East Treasure Group upon completion of the Acquisition).

The Board is delighted to announce that on 1 June 2007, the Company entered into the Agreement with POTF pursuant to which the Company agreed to transfer to POTF and POTF agreed to acquire from the Company 12% of the issued share capital of China Game Company as at the date of Completion for an aggregate cash consideration of US\$4,000,000 (approximately HK\$31,200,000).

THE AGREEMENT

Date

1 June 2007

Parties

- (1) The Company; and
- (2) POTF.

The Pride Investments Group Limited, a fund manager of POTF, is interested in approximately 9.899% of Finet Pride Asset Management Limited, a non-wholly owned subsidiary of the Company. Save as disclosed above, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, POTF and its ultimate beneficial owners (comprising individual and institutional investors) are third parties independent of the Group and connected persons (as defined in the GEM Listing Rules) of the Group.

Interest to be acquired by POTF

POTF shall acquire 12% of the issued share capital of China Game Company as at the date of Completion.

Consideration

A total consideration of US\$4,000,000 (approximately HK\$31,200,000) payable in cash has been satisfied in full by POTF on the date of Completion.

The Consideration was reached after arm's length negotiations between the Company and POTF and being a price acceptable to the Company and POTF with reference to the past, present and expected future performance, the market value of fixed assets and the potential strategic value of the East Treasure Group to the Company in view of the fact that China Game Company will become the holding company of East Treasure Group.

Conditions to Completion

Completion of the Agreement is conditional upon:

- (a) POTF having received evidence, reasonably satisfactory to it, as to due incorporation, valid existence and good standing of China Game Company;
- (b) POTF having received a written confirmation from the Company that the East Treasure SPA and the Operative Agreements remain valid and enforceable according to their respective terms and that there has been no breach of the East Treasure SPA or the Operative Agreements by the parties thereto;
- (c) the Company having complied with all its obligations (if any) under the GEM Listing Rules in respect of the execution and completion of the Agreement;
- (d) the warranties set out in the Agreement remaining true as of the Completion Date; and

- (e) the passing by the Company (the sole shareholder of China Game Company) of ordinary resolutions (i) approving the terms and conditions of the Agreement; and (ii) authorizing the directors of China Game Company to issue and allot China Game Company Shares which may fall to be issued and allotted to POTF.

Completion

Completion of the Agreement shall take place at such place and at such time as mutually agreed by the parties thereto as soon as the Conditions have been fulfilled or waived. As at the date of this announcement, the Agreement has been completed.

REASONS FOR THE TRANSACTION AND USE OF PROCEEDS

The Transaction is in line with the Group's strategy to finance part of the funding for the Acquisition from third party participation. The Directors consider that the terms of the Agreement and the transactions contemplated therein are fair and reasonable and in the interests of the Shareholders as a whole. It is currently estimated that the proceeds from the Transaction of HK\$31,200,000 will be used by the Company to meet the funding requirement for the Acquisition and also for the Investments in the East Treasure Group.

INFORMATION ON THE GROUP, POTF AND CHINA GAME COMPANY

Information on the Group

The Group is principally engaging in the development, production and provision of financial information services and technology solutions to corporate clients and retail investors.

Information on POTF

POTF is an investment fund established under the laws of the Cayman Islands with focus on Chinese equities.

Information on China Game Company

China Game Company was a company newly incorporated under the laws of the Cayman Islands with limited liability on 11 May 2007. At present, China Game Company does not have any assets save as the nominal issued share capital. As stated in the Announcement, the Company intends to hold its interest in the East Treasure Group upon completion of the Acquisition through China Game Company and pursuant to the East Treasure SPA, the Company has agreed to transfer 5% of its equity interest in China Game Company as at the date of completion of the East Treasure SPA to the Bonus Pool, the China Game Company Shares of which will be held upon trust for the benefits of the Key Employees. In addition, the Company has also agreed to transfer another 5% of its equity interest in China Game Company as at the date of completion of the East Treasure SPA to the Additional Bonus Pool. At present, the key employees of China Game Company and its subsidiaries eligible for participation in the Additional Bonus Pool have not yet been identified. The Company will comply with the relevant requirements of the GEM Listing Rules if any of the key employees of China Game Company and its subsidiaries eligible for participation in the Additional Bonus Pool is a Connected Person of the Company.

Following Completion, China Game Company will become a 78% owned Subsidiary of the Company.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the applicable percentage ratios for the Transaction are 5% or more but less than 25%, the Transaction constitutes a discloseable transaction for the Company under the GEM Listing Rules. The Company will as soon as practicable despatch a circular to the Shareholders setting out further information about the Transaction.

DEFINITIONS

“Additional Bonus Pool”	the additional bonus pool to be established by the Company and to which the Company will transfer 5% of its equity interest in China Game Company, the China Game Company Shares of which will be held upon trust for the benefits of the key employees of China Game Company and its Subsidiaries as management incentives;
“Agreement”	the agreement dated 1 June 2007 in relation to the Transaction;
“Announcement”	the announcement of the Company dated 16 May 2007 in relation to the acquisition by the Company of the entire issued share capital of East Treasure Limited;
“China Game Company”	China Game & Digital Entertainment Limited, a company incorporated in the Cayman Islands with limited liability on 11 May 2007 and a direct wholly-owned Subsidiary of the Company, which will become the holding company of East Treasure and its Subsidiaries;
“China Game Company Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of China Game Company;
“Completion”	completion of the Agreement pursuant to its terms and conditions;
“Conditions”	the conditions set out in the Agreement;
“Connected Person”	shall have the same meaning ascribed to it in the GEM Listing Rules;
“Consideration”	the consideration payable by POTF in respect of the Transaction pursuant to the Agreement;
“East Treasure SPA”	the sale and purchase agreement entered into between the Company, the Vendors and the Vendors’ Guarantors dated 8 May 2007 in relation to the Acquisition;

“POTF”	The Pride of Treasure Fund, an investment fund established under the laws of the Cayman Islands; and
“Transaction”	the acquisition by POTF of a 12% interest in China Game Company pursuant to the Agreement.

Amounts denominated in US\$ in this announcement have been converted into HK\$ at the rate of US\$ 1 = HK\$ 7.80 for illustration purposes.

By Order of the Board
Tsang Kwok Wai, Simon
Company Secretary

Hong Kong, 5 June 2007

As at the date of this announcement, the executive Director 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 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.finet.hk.