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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)

PLACING OF NEW SHARES AND RESUMPTION OF TRADING

Placing agent



永豐金證券(亞洲)有限公司
SinoPac Securities (Asia) Limited

SUMMARY

On 20 September 2007 the Company entered into the Placing Agreement with the Placing Agent for the placing, on a best endeavour basis, of up to 46,080,000 new Shares to not less than six Placees at the Placing Price of HK\$0.68 per Placing Share. All of the Placing Shares have been fully placed as at the date of this announcement.

The 46,080,000 Placing Shares represent approximately 8.41% of the existing issued share capital of the Company and approximately 7.76% of the enlarged issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Price of HK\$0.68 per Placing Share represents (i) a discount of approximately 12.82% to the closing price of HK\$0.78 per Share as quoted on the Stock Exchange on 19 September 2007, being the last trading date immediately before the date of the Placing Agreement; (ii) a discount of approximately 12.82% to the average closing price of approximately HK\$0.78 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to 20 September 2007; and (iii) a discount of approximately 10.53% to the average closing price of approximately HK\$0.76 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to 20 September 2007.

The gross proceeds of the Placing will amount to approximately HK\$31.33 million. The net proceeds to be received by the Company under the Placing (after deducting the placing commission and all costs, fees and expenses to be borne by the Company) are estimated to be approximately HK\$30.70 million, which will be entirely used as the general working capital to support the growth and expansion of the Group's financial media and online game businesses, mainly in a) enhancing the Group's research and development capabilities of 3D online games, b) sourcing more quality online games for operations, and c) increasing the marketing efforts to promote its media services to mainland investors.

The Placing is conditional upon, the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares. Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Save for the Placing, the Directors confirm that there are no other negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Chapters 19 and 20 of the GEM Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature.

Trading in the Shares was suspended at the request of the Company with effect from 9:30 a.m. on 20 September 2007 pending the release of this announcement. The Company has applied for resumption of trading in the Shares with effect from 9:30 a.m. on 21 September 2007.

THE PLACING AGREEMENT

Date

20 September 2007

Issuer

The Company

Placing Agent

SinoPac Securities (Asia) Limited. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are independent of and not connected with the Company and its subsidiaries and their respective connected persons (as defined in the GEM Listing Rules).

Placee(s)

The Placing Shares will be placed, on a best endeavour basis, to not less than six Placees which will be individuals, corporate, institutional investors or other investors procured by or on behalf of the Placing Agent. All Placees and their beneficial owner(s) shall be independent of and not connected with the Company and its subsidiaries and their respective connected persons (as defined in the GEM Listing Rules). To the best knowledge of the Company, none of them will become a substantial shareholder (as defined in the GEM Listing Rules) of the Company after the Placing. All of the Placing Shares have been fully placed as at the date of this announcement.

Placing Shares

46,080,000 Placing Shares will be allotted and issued to the Placees, representing approximately 8.41% of the existing issued share capital of the Company and approximately 7.76% of the enlarged issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares, upon issue, will rank pari passu in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.68 per Placing Share represents (i) a discount of approximately 12.82% to the closing price of HK\$0.78 per Share as quoted on the Stock Exchange on 19 September 2007, being the last trading date immediately before the date of the Placing Agreement; (ii) a discount of approximately 12.82% to the average closing price of approximately HK\$0.78 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to 20 September 2007; and (iii) a discount of approximately 10.53% to the average closing price of approximately HK\$0.76 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to 20 September 2007.

The Placing Price, net of estimated expenses, is approximately HK\$0.67 per Placing Share.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the closing prices as shown above. The Directors consider that the Placing Price and the terms and conditions of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Placing Costs

Upon completion of the Placing Agreement, the Company shall pay to the Placing Agent the placing commission of not more than 2% of the aggregate Placing Price of the number of Placing Shares sold on behalf of the Company by the Placing Agent in pursuance of its obligations under the Placing Agreement and all costs, fees and expenses in relation to the Placing and the allotment and issue of the Placing Shares.

General mandate to issue the Placing Shares

The Placing Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 27 July 2007. As at the date hereof, no Shares have been issued and allotted under such general mandate. The Placing Shares will utilize approximately 43.31% of the 106,384,000 Shares which the Directors are allowed to issue and allot under the general mandate.

Conditions of the Placing

The Placing is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares.

In the event that the condition of the Placing is not fulfilled, the obligations of the Company and the Placing Agent under the Placing Agreement shall cease and neither the Company nor the Placing Agent shall have any claim against the other under the Placing Agreement.

Completion of the Placing

Completion of the Placing will take place on the second Business Day after the condition of the Placing has been fulfilled (or such other date as may be agreed between the Company and the Placing Agent).

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR, AND BENEFITS OF, THE PLACING AND USE OF PROCEEDS

As a technology-based media and entertainment company, the Group is principally engaged in two business lines, the financial media and the China online game businesses.

The gross proceeds of the Placing will amount to approximately HK\$31.33 million. The net proceeds to be received by the Company under the Placing (after deducting the placing commission and all costs, fees and expenses to be borne by the Company) are estimated to be approximately HK\$30.70 million, which will be entirely used as the general working capital to support the growth and expansion of the Group's financial media and online game businesses, mainly in a) enhancing the Group's research and development of 3D online games, b) sourcing more quality online games for operations, and c) increasing the marketing efforts to promote its media services to mainland investors.

The Board has considered various ways of raising funds. Taking into account of the current market conditions, the Board believes that the Placing represents an ample opportunity for the Group to raise capital while broadening its shareholder and capital base.

The Directors consider that the terms of the Placing Agreement, including the placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

On 1 June 2007, the Company entered into an agreement with The Pride of Treasure Fund pursuant to which The Pride of Treasure Fund acquired from the Company a 12% interest in China Game & Digital Entertainment Limited for a consideration of US\$4,000,000. Prior to the acquisition by The Pride of Treasure Fund, China Game & Digital Entertainment Limited was an indirect wholly-owned subsidiary of the Company. As at the date of the announcement, the acquisition has been completed.

On 28 June 2007, the Company entered into an agreement with The Pride Venture Capital Fund pursuant to which The Pride Venture Capital Fund acquired from the Company a 2.29% interest in China Game & Digital Entertainment Limited for a consideration of US\$1,000,000. As at the date of the announcement, the acquisition has been completed.

Save as disclosed above, the Company had not conducted any fund raising exercise during the past twelve months immediately preceding the date of this announcement.

SHAREHOLDING STRUCTURE

The table below sets out the Company's existing shareholding structure and the shareholding structure after completion of the Placing (on the basis that no further Shares will be issued before the completion of the Placing):

Shareholders	As at the date of the Announcement		Immediately after completion of the Placing (on the basis that no further Shares will be issued before the completion of the Placing)	
	Percentage		Percentage	
	No. of Shares	Shareholding (%)	No. of Shares	shareholding (%)
Opulent Oriental International Ltd. (Note 1)	179,877,456	32.84	179,877,456	30.29
Public Shareholders				
– The Placees (Note 2)			46,080,000	7.76
– Others	367,822,544	67.16	367,822,544	61.95
Total	547,700,000	100	593,780,000	100

Note 1: Opulent Oriental International Ltd. is wholly and beneficially owned by Dr. Yu Gang, George, the chairman of the Company.

Note 2: Each of the Placees will become a public Shareholder immediately after the completion of the Placing.

GENERAL

Save for the Placing, the Directors confirm that there are no other negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Chapters 19 and 20 of the GEM Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature.

RESUMPTION OF TRADING

Trading in the Shares was suspended at the request of the Company with effect from 9:30 a.m. on 20 September 2007 pending the release of this announcement. The Company has applied for resumption of trading in the Shares with effect from 9:30 a.m. on 21 September 2007.

DEFINITIONS

In the announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“associate(s)”	has the meaning ascribed in the GEM Listing Rules
“Board”	the board of Directors

“Business Day”	any day (excluding a Saturday) on which banks generally open for business in Hong Kong
“Company”	Finet Group Limited, a company incorporated in Cayman Islands and whose Shares are listed on GEM (stock code: 8317)
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM, as amended from time to time
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Placee(s)”	any individuals, corporate, institutional investors or other investors procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the offer by way of placing of the Placing Shares by or on behalf of the Placing Agent to selected investors pursuant to the Placing Agreement
“Placing Agent”	SinoPac Securities (Asia) Limited, a licensed corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 20 September 2007 and entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	HK\$0.68, being the placing price per Placing Share
“Placing Shares”	a total of 46,080,000 new Shares to be allotted and issued pursuant to the terms and conditions of the Placing Agreement which will rank pari passu in all respects with the Shares in issue as at the date of allotment of the Placing Shares
“PRC”	the People’s Republic of China, and for the purpose of this announcement excluding Hong Kong, Macau and Taiwan

“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars
“US\$”	United States dollars
“%”	per cent.

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

Hong Kong, 20 September 2007

As at the date of this announcement, the executive director of the Company is Dr. Yu Gang, George, the non-executive director is Dr. Kwan Pun Fong, Vincent, 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 GEM 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.