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財華社
FINET

FINET GROUP LIMITED

財華社集團有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 8317)

**PROPOSED OPEN OFFER ON THE BASIS OF
ONE OFFER SHARE FOR EVERY TWO EXISTING SHARES HELD ON
THE RECORD DATE WITH BONUS ISSUE OF WARRANTS ON THE
BASIS OF THREE BONUS WARRANTS FOR EVERY TEN OFFER SHARES
ISSUED AND ALLOTTED UNDER THE OPEN OFFER;**

APPLICATION FOR WHITEWASH WAIVER;

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;

AND

RESUMPTION OF TRADING

Financial adviser to the Company



Underwriter to the Open Offer

Opulent Oriental International Limited

PROPOSED OPEN OFFER WITH BONUS ISSUE OF WARRANTS

The Board proposes to raise not less than approximately HK\$15.0 million and not more than approximately HK\$15.2 million before expenses, by way of the Open Offer, on the basis of one Offer Share for every two existing Shares held on the Record Date and payable in full upon application with three Bonus Warrants for every ten Offer Shares issued and allotted. The Open Offer involves an issue of not less than 299,685,000 Offer Shares and not more than 303,387,500 Offer Shares at the Subscription Price of HK\$0.05 per Offer Share.

On this basis, not less than 89,905,500 Bonus Warrants and not more than 91,016,250 Bonus Warrants entitling the holders thereof to subscribe for not less than 89,905,500 Conversion Shares and not more than 91,016,250 Conversion Shares (representing 10% of the total number of the then issued Shares at the time the Bonus Warrants are issued) respectively, will be issued. The Bonus Issue of Warrants is subject to and conditional upon (i) the Open Offer becoming unconditional; (ii) the passing of ordinary resolutions by the Shareholders approving the Bonus Issue of Warrants, the issue and allotment of the Conversion Shares and the Authorised Share Capital Increase at the EGM; and (iii) the Stock Exchange granting the listing of and permission to deal in the Conversion Shares.

The Open Offer is not conditional on the approval of the Bonus Issue of Warrants and the Authorised Share Capital Increase.

The Open Offer is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders. To qualify for the Open Offer, all transfers of Shares with the relevant share certificates must be lodged for registration with the Registrars by 4:30 p.m. on Monday, 29 June 2009. The register of members of the Company will be closed from Tuesday, 30 June 2009 to Friday, 3 July 2009, both dates inclusive, to determine the eligibility of the Shareholders to the Open Offer.

Based on 299,685,000 Offer Shares, the estimated net proceeds from the Open Offer will be approximately HK\$13.6 million. The Company intends to use the net proceeds for general working capital and for investment in new business should any opportunities arise.

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite, on a fully underwritten basis, the Offer Shares not having been subscribed for by the Qualifying Shareholders subject to the terms and conditions of the Underwriting Agreement.

As at the date of this announcement, there are an aggregate of 19,931,000 outstanding Share Options. Among these Share Options, 400,000 Share Options are exercisable from 5 November 2009. Accordingly, there are 19,531,000 Share Options eligible for exercise on or before the Record Date to subscribe for an aggregate of 19,531,000 Shares at the exercise prices ranging from HK\$0.150 to HK\$0.668 per Share (subject to adjustment). Dr. Yu has irrevocably undertaken, among other things, not to exercise the subscription rights attaching to 12,126,000 Share Options held by him prior to the Record Date on the terms of the Irrevocable Undertakings.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorized share capital of the Company is HK\$10,000,000 divided into 1,000,000,000 Shares, of which 599,370,000 Shares have been allotted and issued and fully paid. In order to accommodate the Bonus Issue of Warrants and also future expansion and growth of the Group, the Board proposes to increase the authorised share capital of the Company from HK\$10,000,000 divided into 1,000,000,000 Shares to HK\$20,000,000 divided into 2,000,000,000 Shares by the creation of additional 1,000,000,000 Shares.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND THE WHITEWASH WAIVER

Opulent is wholly-owned by Dr. Yu, and is the controlling shareholder of the Company holding an aggregate of 183,337,456 Shares, representing approximately 30.59% of the total number of Shares in issue as at the date of this announcement. Dr. Yu is entitled to 12,126,000 Share Options to subscribe for an aggregate of 12,126,000 Shares. As set out in the paragraph headed “Underwriting Arrangement and Undertakings”, Opulent has irrevocably undertaken to the Company to subscribe in full for its assured allotments of the Offer Shares under the Open Offer and those Offer Shares not having been subscribed for by the Qualifying Shareholders. Dr. Yu has irrevocably undertaken to the Underwriter and the Company, among other things, that he will not exercise his 12,126,000 Share Options from the date of the undertakings up to and including the Record Date. In the event that none of the Qualifying Shareholders (other than Opulent) takes up any Offer Shares upon completion of the Open Offer, the Underwriter will be required to take up all the Offer Shares that are not subscribed for under the Open Offer. Accordingly, the total number of Shares as held by the Concert Party Group will be increased from 183,337,456 Shares (representing approximately 30.59% of the total number of Shares in issue of the Company as at the date of this announcement) to:

- (i) 483,022,456 Shares (representing approximately 53.73% of the total number of Shares in issue as enlarged by the Open Offer), assuming that none of the Share Options is exercised on or before the Record Date; and
- (ii) 486,724,956 (representing approximately 53.48% of the total number of Shares in issue as enlarged by the Open Offer), assuming that the Share Options (other than the 400,000 Share Options which are exercisable from 5 November 2009) are exercised in full by the Optionholders on or before the Record Date.

Accordingly, the underwriting by the Underwriter will trigger an obligation on the part of the Underwriter to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares not already owned by or agreed to be acquired by the Concert Party Group.

In addition, in the event that (a) the Concert Party Group holds not less than 30% but not more than 50% of the total number of Shares in issue upon completion of the Open Offer; and (b) the subsequent exercise of the subscription rights attaching to the Bonus Warrants by Opulent results in an increase in the Concert Party Group's shareholdings in the Company by more than 2% from its lowest percentage holding in the 12 month period ending on the date of completion of the Open Offer, Opulent would be obliged under Rule 26.1 of the Takeovers Code to make an unconditional cash offer to acquire all the Shares other than those already owned by or agreed to be acquired by the Concert Party Group.

An application will be made by the Underwriter to the Executive for the Whitewash Waiver in connection with the underwriting of the Open Offer by the Underwriter and the exercise of the subscription rights attaching to the Bonus Warrants by Opulent in the above circumstances pursuant to note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Open Offer and the Whitewash Waiver by the Independent Shareholders at the EGM by way of poll.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES

The Open Offer is conditional, inter alia, upon the fulfillment of the conditions set out in the section headed "Conditions of the Open Offer". In particular, the Open Offer is conditional upon the Whitewash Waiver having been granted by the Executive, the approval of the Open Offer and the Whitewash Waiver by the Independent Shareholders at the EGM by way of poll, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof as set out in the paragraph headed "Termination of the Underwriting Agreement". Accordingly, the Open Offer may or may not proceed.

Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors has been established to make recommendations to the Independent Shareholders as to whether the Open Offer and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the EGM. As at the date of this announcement, the independent non-executive Directors namely Dr. Lam Lee G and Mr. Wu Tak Lung are each interested in 1,000,000 Share Options entitling each of them to subscribe for 1,000,000 Shares.

An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Open Offer and the Whitewash Waiver. A further announcement will be made immediately following the appointment of the independent financial adviser.

GENERAL

The Open Offer is conditional on, among other things, the approval of the Open Offer and the Whitewash Waiver by the Independent Shareholders at the EGM by way of poll. As at the date of this announcement, Opulent is interested in an aggregate of 183,337,456 Shares, representing approximately 30.59% of the existing issued share capital of the Company. Opulent and parties acting in concert with it, including Dr. Yu, shall abstain from voting in favour of the relevant resolutions approving the Open Offer and the Whitewash Waiver. The Bonus Issue of Warrants and the Authorised Share Capital Increase are each conditional on, among other things, the passing of the relevant ordinary resolutions by the Shareholders at the EGM approving the Bonus Issue of Warrants and the Authorised Share Capital Increase. None of the Shareholders is required to abstain from voting in favour of the relevant resolutions approving the Bonus Issue of Warrants and the Authorised Share Capital Increase.

The Circular setting out, among other things, further details of (i) the Open Offer; (ii) the Bonus Issue of Warrants; (iii) the Authorised Share Capital Increase; and (iv) the Whitewash Waiver and containing (i) a letter from the Independent Board Committee to the Independent Shareholders setting out their recommendation in relation to the Open Offer and the Whitewash Waiver; (ii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Open Offer and the Whitewash Waiver together with (iii) a notice of the EGM will be despatched to the Shareholders as soon as practicable.

Subject to the Open Offer and the Whitewash Waiver being approved by the Independent Shareholders at the EGM, the Prospectus Documents (or the Prospectus, where appropriate) containing further information on the Open Offer will be despatched to the Shareholders as soon as practicable. The Prospectus Documents (or the Prospectus, where appropriate) will also contain further information on the Bonus Issue of Warrants if the Bonus Issue of Warrants is approved by the Shareholders at the EGM.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 30 April 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 6 May 2009.

PROPOSED OPEN OFFER WITH BONUS ISSUE OF WARRANTS

Issue statistics

Basis of the Open Offer	: One Offer Share for every two existing Shares held on the Record Date and payable in full upon application with three Bonus Warrants for every ten Offer Shares issued and allotted
Number of Shares in issue	: 599,370,000 Shares as at the date of this announcement
Minimum number of Offer Shares assuming that none of the Share Options is exercised on or before the Record Date	: 299,685,000 Offer Shares
Maximum number of Offer Shares assuming that the Share Options (other than those held by Dr. Yu and the 400,000 Share Options which are exercisable from 5 November 2009) are exercised in full on or before the Record Date	: 303,387,500 Offer Shares
Subscription Price	: HK\$0.05 per Offer Share payable in full upon application
Minimum number of Shares in issue as enlarged upon completion of the Open Offer assuming that none of the Share Options is exercised on or before the Record Date	: 899,055,000 Shares
Maximum number of Shares in issue as enlarged upon completion of the Open Offer assuming that the Share Options (other than those held by Dr. Yu and 400,000 Share Options which are exercisable from 5 November 2009) are exercised in full on or before the Record Date	: 910,162,500 Shares

As at the date of this announcement, there are an aggregate of 19,931,000 outstanding Share Options. Among these Share Options, 400,000 Share Options are exercisable from 5 November 2009. Accordingly, there are 19,531,000 Share Options eligible for exercise on or before the Record Date to subscribe for an aggregate of 19,531,000 Shares at the exercise prices ranging from HK\$0.150 to HK\$0.668 per Share (subject to adjustment). The Share Options consist of (i) Share Options granted to Dr. Yu to subscribe for 12,126,000 Shares; (ii) Share Options granted to the independent non-executive Directors to subscribe for an aggregate of 2,000,000 Shares; and (iii) Share Options granted to employees of the Company to subscribe for an

aggregate of 5,805,000 Shares. Dr. Yu has irrevocably undertaken, among other things, not to exercise the subscription rights attaching to 12,126,000 Share Options held by him prior to the Record Date on the terms of the Irrevocable Undertakings.

Save for the Share Options, the Company has no other outstanding options, warrants, derivatives or convertible securities in issue which confer any rights to subscribe for, convert or exchange into the Shares as at the date of this announcement.

Subscription Price

The Subscription Price of HK\$0.05 per Offer Share is payable in full upon application of the relevant assured allotment of Offer Shares and, where applicable, application for excess Offer Shares under the Open Offer. The Subscription Price represents:

- (i) a discount of approximately 26.47% to the closing price per Share of HK\$0.068 as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 31.51% to the average of the closing prices per Share of approximately HK\$0.073 for the last 5 trading days as quoted on the Stock Exchange up to and including the Last Trading Date;
- (iii) a discount of approximately 32.43% to the average of the closing prices per Share of approximately HK\$0.074 for the last 10 trading days as quoted on the Stock Exchange up to and including the Last Trading Date; and
- (iv) a discount of approximately 19.35% to the theoretical ex-entitlement price of approximately HK\$0.062 per Share calculated based on the closing price per Share of HK\$0.068 as quoted on the Stock Exchange on the Last Trading Date.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the current market price of the Shares.

Basis of assured allotment

The basis of the assured allotment shall be one Offer Share for every two existing Shares held by the Qualifying Shareholders on the Record Date. Application for all or any part of a Qualifying Shareholder's assured allotment should be made by completing the Application Form and lodging the same with the remittance for the Offer Shares being applied for.

Fractions of the Offer Shares

Entitlement to Offer Shares will be rounded down to the nearest whole number. Fractional entitlements to the Offer Shares will not be issued but will be aggregated and taken up by the Underwriter.

Bonus Issue of Warrants

Subject to the satisfaction of the conditions of the Open Offer, the Bonus Warrants will be issued to the registered holders of the Offer Shares on the basis of three Bonus Shares for every ten Offer Shares issued and allotted under the Open Offer.

On the basis of not less than 299,685,000 Offer Shares and not more than 303,387,500 Offer Shares to be issued under the Open Offer, not less than 89,905,500 Bonus Warrants and not more than 91,016,250 Bonus Warrants entitling the holders thereof to subscribe for not less

than 89,905,500 Conversion Shares and not more than 91,016,250 Conversion Shares (representing 10% of the total number of the then issued Shares at the time the Bonus Warrants are issued) respectively, will be issued. The Bonus Issue of Warrants is subject to and conditional upon:

- (i) the Open Offer becoming unconditional;
- (ii) the passing of ordinary resolutions by the Shareholders approving the Bonus Issue of Warrants, the issue and allotment of the Conversion Shares and the Authorised Share Capital Increase at the EGM; and
- (iii) the Stock Exchange granting the listing of and permission to deal in the Conversion Shares.

Subscription price of the Bonus Warrants

The Bonus Warrants will entitle the holders thereof to subscribe for new Shares at the initial subscription price of HK\$0.10 per Share in cash, subject to adjustment(s) upon occurrence of usual adjustment events arising as a result of changes in the share capital of the Company including consolidation or sub-division of Shares, capitalisation of profits or reserves, capital distributions in cash or specie or subsequent issue of securities in the Company.

The initial subscription price of the Bonus Warrants represents:

- (i) a premium of approximately 47.06% to the closing price per Share of HK\$0.068 as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a premium of approximately 36.99% to the average of the closing prices per Share of approximately HK\$0.073 for the last 5 trading days as quoted on the Stock Exchange up to and including the Last Trading Date;
- (iii) a premium of approximately 35.14% to the average of the closing prices per Share of approximately HK\$0.074 for the last 10 trading days as quoted on the Stock Exchange up to and including the Last Trading Date; and
- (iv) a premium of approximately 61.29% to the theoretical ex-entitlement price of HK\$0.062 per Share calculated based on the closing price per Share of HK\$0.068 as quoted on the Stock Exchange on the Last Trading Date.

Subscription period

The Bonus Warrants may be exercised at any time between the date of issue and the date immediately preceding the date falling on the second anniversary of the date of issue of the Bonus Warrants (both dates inclusive).

Fractional entitlements to the Bonus Warrants

Entitlement to Bonus Warrants will be rounded down to the nearest whole number. Fractional entitlements to the Bonus Warrants (if any) will not be issued to the holders of the Offer Shares.

Status of the Offer Shares and the Conversion Shares

Save that the Offer Shares will be entitled to the Bonus Warrants, the Offer Shares, when allotted and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment of the Offer Shares.

The Conversion Shares, when allotted and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Conversion Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment of the Conversion Shares.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Offer Shares and the Conversion Shares. No application will be made for the listing of the Bonus Warrants on the Stock Exchange or any other stock exchange.

Dealings in the Offer Shares in board lots of 10,000, which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty in Hong Kong.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Excluded Shareholders, the Company will send copies of the Prospectus to them for their information only, but the Company will not send any Application Form and EAF to the Excluded Shareholders.

To qualify for the Open Offer, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and must be a Qualifying Shareholder. In order to be registered as members of the Company at the close of business on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) with the Registrars for registration no later than 4:30 p.m. on Monday, 29 June 2009.

Closure of register of members

The register of members of the Company is expected to be closed from Tuesday, 30 June 2009 to Friday, 3 July 2009, both dates inclusive. No transfers of Shares will be registered during the book closure period.

Certificates of the Offer Shares and the Bonus Warrants and refund cheques

Subject to the fulfillment of the conditions of the Open Offer, share certificates for the Offer Shares and certificates for the Bonus Warrants and, if any, refund cheques in respect of wholly or partially unsuccessful applications for excess Offer Shares are expected to be posted by Monday, 3 August 2009 to those Shareholders entitled thereto by ordinary post at their own risks.

Rights of Excluded Shareholders

The Company is currently making enquiries regarding the feasibility of extending the Open Offer and the Bonus Issue of Warrants to the Overseas Shareholders. If based on legal opinions provided by the legal advisers, the Directors consider that it is necessary or expedient not to offer the Offer Shares and/or the Bonus Warrants to the Overseas Shareholders on account either of the legal restrictions under the laws of the places of their registered addresses or the requirements of the relevant regulatory bodies or stock exchanges in those places outside Hong Kong, the Open Offer and the Bonus Issue of Warrants will not be available to such Overseas Shareholders. In such circumstances, the Offer Shares which would otherwise have been made available to the Excluded Shareholders for subscription will be made available for subscription by the Qualifying Shareholders by way of excess application. The results of the enquiries and the basis for excluding the Excluded Shareholders, if any, from the Open Offer will be set out in the Circular to be despatched to the Shareholders. If they are excluded, the Company will send copies of the Prospectus to the Excluded Shareholders for their information only, but will not send any Application Form and EAF to the Excluded Shareholders.

Application for excess Offer Shares

Qualifying Shareholders may apply, by way of excess application, for any assured allotments of Offer Shares under the Open Offer which have not been applied for by other Qualifying Shareholders and those Offer Shares to which the Excluded Shareholder(s) would otherwise have been entitled.

Applications for excess Offer Shares may be made by completing the EAF and lodging the same with a separate remittance for the excess Offer Shares being applied for. The Directors will allocate the excess Offer Shares at their sole discretion on a fair and equitable basis, in proportion to the number of excess Offer Shares being applied for under each application, except that preference will be given to applications for less than a board lot of Offer Shares where it appears to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders whose Shares are registered in the name of a nominee company should note that the aforesaid arrangement in relation to the allocation of excess Offer Shares will not be extended to them individually. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

For Shareholders whose Shares are held by their nominee(s) and would like to have their names registered on the register of members of the Company, they must complete the relevant registration with the Registrars by 4:30 p.m. on Monday, 29 June 2009.

UNDERWRITING ARRANGEMENT AND UNDERTAKINGS

The Underwriting Agreement

Date	: 29 April 2009
Underwriter	: Opulent. Opulent is the controlling shareholder of the Company holding an aggregate of 183,337,456 Shares (representing approximately 30.59% of the issued share capital of the Company) as at the date of this announcement. Opulent is an investment holding company whose ordinary course of business does not involve underwriting of securities and is wholly-owned by Dr. Yu.
Number of Underwritten Shares	: Not less than 208,016,272 Offer Shares and not more than 211,718,772 Offer Shares (being all Offer Shares (including the Offer Shares to which the Excluded Shareholder(s) would otherwise have been entitled) to be issued pursuant to the Open Offer less those Offer Shares which Opulent has undertaken to take up).
Commission	: No underwriting commission will be paid by the Company to the Underwriter.

The Directors consider that the terms of the Underwriting Agreement are fair and reasonable.

Undertakings from Opulent

As at the date of this announcement, Opulent is interested in 183,337,456 Shares, representing approximately 30.59% of the existing issued share capital of the Company. On 29 April 2009, Opulent has irrevocably undertaken to the Company, among other things, that it will not dispose of the 183,337,456 Shares beneficially owned by it from the date of the undertaking up to the Latest Time for Acceptance, and that it will accept or procure to accept its assured allotments of 91,668,728 Offer Shares under the Open Offer in respect of the 183,337,456 Shares held by it as at the date of the Underwriting Agreement.

Undertakings from Dr. Yu

As at the date of this announcement, Dr. Yu does not hold any Shares (save for the 183,337,456 Shares held through Opulent) but holds 12,126,000 Share Options. Pursuant to the Irrevocable Undertakings, Dr. Yu has irrevocably undertaken to the Company and the Underwriter that he will not exercise his 12,126,000 Share Options and that such Share Options will remain registered in the name of and beneficially owned by him from the date of the undertaking up to and including the Record Date.

Conditions of the Open Offer

The Open Offer is conditional, among other things, on each of the following conditions being fulfilled:

- (i) the passing of ordinary resolutions by the Independent Shareholders approving the Open Offer and the Whitewash Waiver at the EGM by way of poll;

- (ii) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
- (iii) the delivery by or on behalf of the Company not later than the Prospectus Posting Date of one copy of each of the Prospectus Documents, duly signed by or on behalf of any two Directors together with any requisite accompanying documents, to the Stock Exchange and the Registrar of Companies in Hong Kong for filing and registration in accordance with the provisions of the Companies Ordinances;
- (iv) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) listing of and permission to deal in all the Offer Shares and not having withdrawn or revoked such listings and permission;
- (v) the posting of the Prospectus Documents to Qualifying Shareholders and of the Prospectus, for information purposes only, to the Excluded Shareholders;
- (vi) compliance with and performance of all the undertakings and obligations of the Company as provided in the Underwriting Agreement; and
- (vii) the obligations of the Underwriter not being terminated by the Underwriter in accordance with the terms of the Underwriting Agreement.

Save for condition (vi) which may be waived by the Underwriter in whole or in part, none of the conditions above can be waived. If the conditions of the Open Offer are not satisfied and/or waived (in respect of condition (vi) only) in whole or in part by the Underwriter by the Latest Time for Termination or such later date or dates as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall terminate and (except in respect of any reasonable legal fees or other reasonably out-of-pocket expenses, if any, of the Underwriter, or the indemnity given to the Underwriter and any rights or obligations which may accrue under the Underwriting Agreement prior to such termination) no party will have any claim against the other party for costs, damages, compensation or otherwise.

If the Underwriting Agreement terminates in accordance with its terms, the Open Offer will not proceed. The Irrevocable Undertakings as described above will lapse.

The Open Offer is not conditional on the approval of the Bonus Issue of Warrants and the Authorised Share Capital Increase.

Termination of the Underwriting Agreement

The Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement if prior to the Latest Time for Termination:

- (i) in the reasonable opinion of the Underwriter acting in good faith, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

- (b) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof, of a political, financial, economic, currency, market or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (c) any material adverse change in the business or in the financial or trading position or prospectus of the Group as a whole; or
- (d) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (e) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (f) the commencement by any third party of any litigation or claim against any company in the Group which is or might be material to the Group taken as a whole; or
- (ii) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions on Hong Kong, the PRC or other jurisdiction relevant to any company in the Group and a change in currency conditions includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (iii) the Circular or the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which is material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to accept the Offer Shares to be allotted to it.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (i) any material breach of any of the warranties or undertakings contained in the relevant clause in the Underwriting Agreement comes to the knowledge of the Underwriter and such material breach materially and adversely affects the success of the Open Offer; or
- (ii) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the relevant clause in the Underwriting Agreement untrue or incorrect in any material respect comes to the knowledge of the Underwriter and such event materially and adversely affects the success of the Open Offer.

If the Underwriter exercises such right, the Open Offer will not proceed.

WARNING OF THE RISKS OF DEALING IN THE SHARES

The Open Offer is conditional, inter alia, upon the fulfillment of the conditions set out in the section headed “Conditions of the Open Offer”. In particular, the Open Offer is conditional upon the Whitewash Waiver having been granted by the Executive, the approval of the Open Offer and the Whitewash Waiver by the Independent Shareholders at the EGM by way of poll, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof as set out in the paragraph headed “Termination of the Underwriting Agreement”. Accordingly, the Open Offer may or may not proceed.

Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company immediately before and after completion of the Open Offer is set out below:

Shareholders	As at the date of this announcement		Upon completion of the Open Offer							
	Number of Shares	Approximate %	Assuming no exercise of the Share Options on or before Record Date				Assuming full exercise of the Share Options on or before Record Date (Note 1)			
			Nil subscription by public Shareholders		100% subscription by public Shareholders		Nil subscription by public Shareholders		100% subscription by public Shareholders	
			Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Opulent	183,337,456	30.59	483,022,456	53.73	275,006,184	30.59	486,724,956	53.48	275,006,184	30.22
Total holdings of Concert Party Group (Note 2)	183,337,456	30.59	483,022,456	53.73	275,006,184	30.59	486,724,956	53.48	275,006,184	30.22
Lam Lee G. (Note 3)	—	—	—	—	—	—	1,000,000	0.11	1,500,000	0.16
Wu Tak Lung (Note 3)	—	—	—	—	—	—	1,000,000	0.11	1,500,000	0.16
Employees of the Company	—	—	—	—	—	—	5,405,000	0.59	8,107,500	0.90
Total holdings of Optionholders	—	—	—	—	—	—	7,405,000	0.81	11,107,500	1.22
Other public Shareholders	416,032,544	69.41	416,032,544	46.27	624,048,816	69.41	416,032,544	45.71	624,048,816	68.56
Sub total of all public Shareholders	416,032,544	69.41	416,032,544	46.27	624,048,816	69.41	423,437,544	46.52	635,156,316	69.78
Total	599,370,000	100.00	899,055,000	100.00	899,055,000	100.00	910,162,500	100.00	910,162,500	100.00

Note 1: Exercise of the Share Options (other than the 12,126,000 Shares Options held by Dr. Yu and the 400,000 Share Options which are exercisable from 5 November 2009) in full on or before the Record Date.

Note 2: Dr. Yu, being a party acting in concert with the Underwriter, does not hold any Shares as at the date of this announcement.

Note 3: Dr. Lam Lee G. and Mr. Wu Tak Lung are independent non-executive Directors.

The following sets out the shareholding structure of the Company upon full conversion of the Bonus Warrants by the Underwriter if none of the Shareholders will take up the Offer Shares on the scenarios that (i) none of the Share Options is exercised by the Optionholders on or before the Record Date; and (ii) all Share Options (other than the 400,000 Share Options which are exercisable from 5 November 2009) are exercised by the Optionholders in full on or before the Record Date.

	Nil subscription by public Shareholders and full conversion of Bonus Warrants by the Underwriter					
	As at the date of this announcement		Assuming no exercise of the Share Options on or before Record Date		Assuming full exercise of the Share Options on or before Record Date	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Opulent	<u>183,337,456</u>	<u>30.59</u>	<u>572,927,956</u>	<u>57.93</u>	<u>577,741,206</u>	<u>57.71</u>
Total holdings of Concert Party Group	<u>183,337,456</u>	<u>30.59</u>	<u>572,927,956</u>	<u>57.93</u>	<u>577,741,206</u>	<u>57.71</u>
Lam Lee G.	—	—	—	—	1,000,000	0.10
Wu Tak Lung	—	—	—	—	1,000,000	0.10
Employees of the Company	—	—	—	—	5,405,000	0.54
Total holdings of Optionholders	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,405,000</u>	<u>0.74</u>
Other public Shareholders	<u>416,032,544</u>	<u>69.41</u>	<u>416,032,544</u>	<u>42.07</u>	<u>416,032,544</u>	<u>41.55</u>
Sub total of all public Shareholders	<u>416,032,544</u>	<u>69.41</u>	<u>416,032,544</u>	<u>42.07</u>	<u>423,437,544</u>	<u>42.29</u>
Total	<u>599,370,000</u>	<u>100.00</u>	<u>988,960,500</u>	<u>100.00</u>	<u>1,001,178,750</u>	<u>100.00</u>

Saved for the Shares held by the Underwriter as set out above and the Share Options held by Dr. Yu as disclosed in the paragraph headed “Undertakings from Dr. Yu”, the Concert Party Group has no other shares, warrants, securities carrying conversion or subscription rights into any of the Shares and options and derivatives in respect of any of the Shares as at the date of this announcement.

PREVIOUS FUND RAISING EXERCISES OF THE COMPANY

The Company did not have any fund raising exercises in the past 12 months immediately preceding the date of this announcement.

REASONS FOR THE OPEN OFFER AND THE BONUS ISSUE OF WARRANTS AND USE OF PROCEEDS

The Company will raise not less than approximately HK\$15.0 million and not more than approximately HK\$15.2 million before expenses in the Open Offer. Based on 299,685,000 Offer Shares, the estimated net proceeds from the Open Offer will be approximately HK\$13.6 million. The Company intends to use the net proceeds for general working capital and for

investment in new business should any opportunities arise. The net proceeds from the subscription of the Bonus Warrants is estimated to be not less than approximately HK\$9.0 million and not more than approximately HK\$9.1 million.

The Open Offer with the Bonus Issue of Warrants will strengthen the Company's capital base and enhance its financial position. The Board believes that the Open Offer will provide the Qualifying Shareholders with an opportunity to maintain their respective pro rata shareholdings in the Company and participate in the future growth and development of the Company. In addition, the Bonus Issue of Warrants will be an additional incentive for the Shareholders to take part in the Open Offer. In this regard, the Board considers that the Open Offer and the Bonus Issue of Warrants are in the interests of the Group and the Shareholders as a whole.

EXPECTED TIMETABLE

2009

Despatch of the Circular	On or before Tuesday, 26 May
Last day of dealings in the Shares on a cum-entitlement basis	Thursday, 25 June
Commencement of dealings in the Shares on an ex-entitlement basis	Friday, 26 June
Latest time for lodging transfers of the Shares with the Registrars in order to be qualified for the Open Offer	4:30 p.m. on Monday, 29 June
Register of members closes to determine entitlements under the Open Offer (both dates inclusive)	Tuesday, 30 June to Friday, 3 July
Latest time for return of form of proxy for the EGM	10:00 a.m. on Wednesday, 1 July (<i>note</i>)
Record Date	Friday, 3 July
EGM to be held	10:00 a.m. Friday, 3 July
Announcement of the results of the EGM	not later than 11:00 p.m. on Friday, 3 July
Register of members re-opens	Monday, 6 July
Prospectus Posting Date	Thursday, 9 July
Latest time for acceptance of, and payment for, the Offer Shares	4:00 p.m. on Monday, 27 July
The Underwriting Agreement becomes unconditional	4:00 p.m. on Thursday, 30 July

Announcement of results of the Open Offer to be published not later than 11:00 p.m.
Thursday, 30 July

Refund cheques for wholly and partially unsuccessful excess
applications to be posted Monday, 3 August

Certificates for the Offer Shares and the Bonus Warrants
expected to be despatched on or before Monday, 3 August

Dealings in Offer Shares commence on Wednesday, 5 August

Note: Wednesday, 1 July 2009 is a public holiday

All times in this announcement refer to Hong Kong time. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on Monday, 27 July 2009:

- (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance will be postponed to 5:00 p.m. on the same Business Day; or
- (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be postponed to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9 a.m. and 4:00 p.m.

Under such circumstances, the dates mentioned in the expected timetable above (including, without limitation, the Latest Time for Termination) may be affected.

Dates or deadlines stated in this announcement for events in the timetable are indicative only and may be extended or varied between the Company and the Underwriter. Any changes to the anticipated timetable for the Open Offer will be announced as appropriate.

ADJUSTMENTS TO EXERCISE PRICES AND NUMBER OF SHARE OPTIONS

Adjustments to the exercise prices and numbers of the outstanding Share Options may be required under the relevant terms of the Share Option Schemes. The auditors of the Company will be appointed to certify the necessary adjustments, if any, to the exercise prices and numbers of the outstanding Share Options. Further announcement will be made by the Company in this regard.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK\$10,000,000 divided into 1,000,000,000 Shares, of which 599,370,000 Shares have been allotted and issued and fully paid. In order to accommodate the Bonus Issue of Warrants and also future expansion and growth of the Group, the Board proposes to increase the authorised share capital of the Company from HK\$10,000,000 divided into 1,000,000,000 Shares to HK\$20,000,000 divided into 2,000,000,000 Shares by the creation of additional 1,000,000,000 Shares.

The Authorised Share Capital Increase is subject to and conditional upon the passing of an ordinary resolution by the Shareholders at the EGM.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND THE WHITEWASH WAIVER

Opulent is wholly-owned by Dr. Yu, and is the controlling shareholder of the Company holding an aggregate of 183,337,456 Shares, representing approximately 30.59% of the number of Shares in issue as at the date of this announcement. Dr. Yu is entitled to 12,126,000 Share Options to subscribe for an aggregate of 12,126,000 Shares. As set out in the paragraph headed “Underwriting Arrangement and Undertakings”, Opulent has irrevocably undertaken to the Company to subscribe in full for its assured allotments of the Offer Shares under the Open Offer and those Offer Shares not having been subscribed for by the Qualifying Shareholders. Dr. Yu has irrevocably undertaken to the Underwriter and the Company, among other things, that he will not exercise his 12,126,000 Share Options from the date of the undertakings up to and including the Record Date. In the event that none of the Qualifying Shareholders (other than Opulent) takes up any Offer Shares upon completion of the Open Offer, the Underwriter will be required to take up all the Offer Shares that are not subscribed for under the Open Offer. Accordingly, the total number of Shares as held by the Concert Party Group will be increased from 183,337,456 Shares (representing approximately 30.59% of the total number of Shares in issue as at the date of this announcement) to:

- (i) 483,022,456 Shares (representing approximately 53.73% of the total number of Shares in issue as enlarged by the Open Offer), assuming that none of the Share Options is exercised on or before the Record Date; and
- (ii) 486,724,956 Shares (representing approximately 53.48% of the total number of Shares in issue as enlarged by the Open Offer), assuming that the Share Options (other than the 400,000 Share Options which are exercisable from 5 November 2009) are exercised in full by the Optionholders on or before the Record Date.

Accordingly, the taking up of the Underwritten Shares by Opulent will trigger an obligation on the part of Opulent to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares not already owned by or agreed to be acquired by the Concert Party Group.

As set out in Note 10 to Rule 26.1 of the Takeovers Code, in general, the acquisition of warrants does not give rise to an obligation under Rule 26 of the Takeovers Code to make a general offer, but the exercise of any subscription rights attaching to such warrants will be considered an acquisition of voting rights for the purpose of Rule 26 of the Takeovers Code. Accordingly, the Bonus Issue of Warrants itself will not result in any Takeovers Code consequences prior to the exercise of the subscription rights attaching to the Bonus Warrants.

In addition, in the event that (a) the Concert Party Group holds not less than 30% but not more than 50% of the total number of Shares in issue upon completion of the Open Offer; and (b) the subsequent exercise of the subscription rights attaching to the Bonus Warrants by Opulent results in an increase in the Concert Party Group’s shareholdings in the Company by more than 2% from its lowest percentage holding in the 12 month period ending on the date of completion of the Open Offer, Opulent would be obliged under Rule 26.1 of the Takeovers Code to make an unconditional cash offer to acquire all the Shares other than those already owned by or agreed to be acquired by the Concert Party Group.

An application will be made by the Underwriter to the Executive for the Whitewash Waiver in connection with the underwriting of the Open Offer by the Underwriter and the exercise of the subscription rights attaching to the Bonus Warrants by Opulent in the above circumstances pursuant to note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code. The

Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Open Offer and the Whitewash Waiver by the Independent Shareholders at the EGM by way of poll.

It is one of the conditions of the Underwriting Agreement that the Whitewash Waiver be granted by the Executive and approved by the Independent Shareholders at the EGM by way of poll. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Underwriting Agreement will not become unconditional and the Open Offer will not proceed.

None of the members of the Concert Party Group has dealt in any securities of the Company in the six months prior to the date of this announcement.

As at the date of this announcement, (i) save for the undertakings given by Opulent in respect of its taking up of its entitlement under the Open Offer and the Underwritten Shares under the Underwriting Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of the Underwriter and which might be material to the Open Offer or the Whitewash Waiver; (ii) save for the Underwriting Agreement, there is no other agreement or arrangement to which the Underwriter is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Open Offer other than those mentioned in the section headed “Conditions of the Open Offer” or the Whitewash Waiver; (iii) saved for the Underwriter’s irrevocable undertaking to take up his assured allotments pursuant to the Open Offer, the Concert Party Group has not received an irrevocable commitment to accept the Open Offer; and (iv) the Concert Party Group has not borrowed or lent any Shares or Share Options.

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 in Greater China and to develop and operate online games in Mainland China.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the Open Offer and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the EGM. As at the date of this announcement, the independent non-executive Directors namely Dr. Lam Lee G. and Mr. Wu Tak Lung are each interested in 1,000,000 Share Options entitling each of them to subscribe for 1,000,000 Shares.

An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Open Offer and the Whitewash Waiver. A further announcement will be made immediately following the appointment of the independent financial adviser.

GENERAL

The Open Offer is conditional on, among other things, the approval of the Open Offer and the Whitewash Waiver by the Independent Shareholders at the EGM. As at the date of this announcement, Opulent is interested in an aggregate of 183,337,456 Shares, representing approximately 30.59% of the existing issued share capital of the Company. Opulent and

parties acting in concert with it, including Dr. Yu, shall abstain from voting in favour of the relevant resolution approving the Open Offer and the Whitewash Waiver. The Bonus Issue of Warrants and the Authorised Share Capital Increase are each conditional on, among other things, the passing of the relevant ordinary resolutions by the Shareholders at the EGM. None of the Shareholders is required to abstain from voting in favour of the relevant resolutions approving the Bonus Issue of Warrants and the Authorised Share Capital Increase.

The Circular setting out, among other things, further details of (i) the Open Offer; (ii) the Bonus Issue of Warrants; (iii) the Authorised Share Capital Increase; and (iv) the Whitewash Waiver and containing (i) a letter from the Independent Board Committee to the Independent Shareholders setting out their recommendation in relation to the Open Offer and the Whitewash Waiver; (ii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Open Offer and the Whitewash Waiver together with (iii) a notice of the EGM will be despatched to the Shareholders as soon as practicable.

Subject to the Open Offer and the Whitewash Waiver being approved by the Independent Shareholders at the EGM, the Prospectus Documents (or the Prospectus, where appropriate) containing further information on the Open Offer will be despatched to the Shareholders as soon as practicable. The Prospectus Documents (or the Prospectus, where appropriate) will also contain further information on the Bonus Issue of Warrants if the Bonus Issue of Warrants is approved by the Shareholders at the EGM.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 30 April 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 6 May 2009.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“acting in concert”	has the meanings ascribed to it in the Takeovers Code
“Application Form(s)”	the form(s) of application in respect of the Open Offer to be issued to the Qualifying Shareholders
“Authorised Share Capital Increase”	the proposed increase in the authorised share capital of the Company from HK\$10,000,000 divided into 1,000,000,000 Shares to HK\$20,000,000 divided into 2,000,000,000 Shares by the creation of an additional 1,000,000,000 Shares
“Board”	the board of Directors
“Bonus Issue of Warrants”	the proposed issue of the Bonus Warrants on the basis of three Bonus Warrants for every ten Offer Shares issued and allotted by the Company under the Open Offer, subject to, <i>inter alia</i> , the approval of the Shareholders at the EGM

“Bonus Warrant(s)”	the warrant(s) to be issued by the Company by way of capitalisation issue entitling the holder(s) thereof to subscribe, at any time between the date of issue and the date immediately preceding the date falling on the second anniversary of the date of issue of such warrants (both dates inclusive), for fully paid Shares at the initial subscription price of HK\$0.10, subject to adjustments
“Business Day”	any day (other than a Saturday or Sunday) on which banks in Hong Kong are generally open for business
“Circular”	the circular to be despatched to the Shareholders setting out further details on the Open Offer, the Bonus Issue of Warrants, the Whitewash Waiver and the Authorised Share Capital Increase and containing a letter from the Independent Board Committee, a letter from the independent financial adviser and the notice of EGM
“Company”	Finet Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Concert Party Group”	Opulent and Dr. Yu, and the parties acting in concert with any of them
“controlling shareholder”	has the meanings ascribed to it in the GEM Listing Rules
“Conversion Shares”	new Shares to be allotted and issued on the exercise of the subscription rights attaching to the Bonus Warrants
“Director(s)”	director(s) of the Company
“Dr. Yu”	Dr. Yu Gang, George, the Chairman of the Company and an executive Director and the beneficial owner of the entire issued share capital of the Underwriter
“EAF(s)”	the excess application form(s) to be issued in connection with the Open Offer for use by the Qualifying Shareholders to apply for excess Offer Shares
“EGM”	the extraordinary general meeting of the Company to be held on 3 July 2009 at which resolution(s) will be proposed to consider, and if thought fit, to approve, among others, the Open Offer and the Whitewash Waiver by the Independent Shareholders, the Bonus Issue of Warrants and the Authorised Share Capital Increase by the Shareholders

“Excluded Shareholder(s)”	the Overseas Shareholders whom the Directors, having made enquiry regarding the legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place, consider it necessary or expedient not to offer the Offer Shares and/or the Bonus Warrants to such Shareholders on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“GEM”	The Growth Enterprises Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors namely Dr. Lam Lee G., Mr. Wu Tak Lung and Mr. William Hay established to advise the Independent Shareholders on the Open Offer and the Whitewash Waiver
“Independent Shareholders”	Shareholders other than (i) the Concert Party Group, (ii) the independent non-executive Directors namely Dr. Lam Lee G. and Mr. Wu Tak Lung and (iii) Shareholders who are involved in, or interested in the Underwriting Agreement, the Open Offer and the Whitewash Waiver
“Irrevocable Undertakings”	the Irrevocable Undertakings dated 29 April 2009 under which Dr. Yu has irrevocably undertaken to the Underwriter and the Company that he will not exercise his subscription rights attaching to the Share Options from the date of such undertaking up to and including the Record Date
“Last Trading Date”	29 April 2009, being the last trading day which was immediately prior to the suspension of trading in the Shares on 30 April 2009 on GEM
“Latest Time for Acceptance”	4:00 p.m. on Monday, 27 July 2009 or such later time to be agreed in writing between the Company and the Underwriter, being the latest time for application of the offer of Offer Shares
“Latest Time for Termination”	4:00 p.m. on Thursday, 30 July 2009 or such later time to be agreed in writing between the Company and the Underwriter, being the latest time for the Underwriter to terminate the Underwriting Agreement

“Offer Share(s)”	not less than 299,685,000 new Shares and not more than 303,387,500 new Shares, proposed to be offered to the Qualifying Shareholders for subscription on the terms and subject to the conditions set out in the Underwriting Agreement and in the Prospectus Documents
“Open Offer”	the proposed offer for subscription at the Subscription Price to be made by the Company to the Qualifying Shareholders in the proportion of one Offer Share for every two existing Shares held on the Record Date by way of open offer upon the terms and conditions mentioned herein and more particularly described in the Prospectus Documents
“Optionholders”	holders of the Share Options other than Dr. Yu
“Opulent” or “Underwriter”	Opulent Oriental International Limited, a company incorporated in the British Virgin Islands and the underwriter to the Open Offer. Opulent is wholly-owned by Dr. Yu, and is the controlling shareholder of the Company holding approximately 30.59% of the entire issued share capital of the Company as at the date of this announcement
“Overseas Shareholders”	Shareholders with registered addresses (as shown in the register of members of the Company as at the close of business on the Record Date) which are outside Hong Kong;
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer and, if applicable, the Bonus Issue of Warrants
“Prospectus Documents”	the Prospectus, the Application Form and the EAF
“Prospectus Posting Date”	Thursday, 9 July 2009, the date of despatch of the Prospectus Documents, or such other date as the Underwriter may agree in writing with the Company for the despatch of the Prospectus Documents
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date, other than the Excluded Shareholders;
“Record Date”	Friday, 3 July 2009, or such other date as may be agreed between the Company and the Underwriter for the determination of the entitlements under the Open Offer
“Registrars”	Computershare Hong Kong Investor Services Limited at Rooms 1712–6, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the Hong Kong branch share registrars of the Company;
“SFC”	the Securities and Futures Commission of Hong Kong

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the existing share(s) of HK\$0.01 each in the share capital of the Company
“Share Options”	comprising options to subscribe for an aggregate of 19,931,000 Shares at the exercise prices ranging from HK\$0.150 to HK\$0.668 per Share (subject to adjustment) granted under the Share Option Schemes
“Share Option Schemes”	the share option schemes adopted by the Company on 23 July 2004 and 16 December 2004
“Shareholder(s)”	the holder(s) of the Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	subscription price of HK\$0.05 per Offer Share pursuant to the Open Offer
“Takeovers Code”	The Codes on Takeovers and Mergers
“Underwriting Agreement”	the conditional underwriting agreement, dated 29 April 2009 and entered into between the Company and the Underwriter in relation to the Open Offer
“Underwritten Shares”	not less than 208,016,272 Offer Shares and not more than 211,718,772 Offer Shares, being all Offer Shares (including the Offer Shares to which the Excluded Shareholder(s) would otherwise have been entitled) to be issued pursuant to the Open Offer less those Offer Shares which Opulent has undertaken to take up under the Open Offer
“Whitewash Waiver”	a waiver from the Executive pursuant to note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Underwriter to make a mandatory offer for all the securities of the Company not already owned by the Concert Party Group which would otherwise arise as a result of the Underwriter taking up of the Underwritten Shares under the Open Offer and the exercise of the subscription rights attaching to any of the Bonus Warrants held by the Underwriter
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Yu Gang, George
Chairman

Hong Kong, 5 May 2009

As at the date of this announcement, the executive Director is Dr. Yu Gang, George 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 enquiries, 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.