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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 EXISTING SHARES
AND
TOP-UP SUBSCRIPTION OF NEW SHARES
AND
RESUMPTION OF TRADING

Placing Agent

GT Capital Limited

On 30th June, 2006, the Vendor entered into the Placing Agreement and the Top-Up Subscription Agreement with the Placing Agent and the Company, respectively. Pursuant to the Placing Agreement, the Vendor agreed to place, through the Placing Agent, an aggregate of 24,200,000 existing Shares to not less than six Placees who are not connected persons of the Company or acting in concert with the Vendor and parties acting in concert with it, at a price of HK\$0.85 per Share. Pursuant to the Top-Up Subscription Agreement, the Vendor conditionally agreed to subscribe for an aggregate of 24,200,000 new Shares at a price of HK\$0.85 per Share.

The Placing Shares (or the Top-Up Subscription Shares) of 24,200,000 Shares represent approximately 4.85% of the Company's existing issued share capital and approximately 4.63% of its issued share capital as enlarged by the Top-Up Subscription.

The Placing Price (or the Top-Up Subscription Price) of HK\$0.85 represents (i) a discount of approximately 3.41% to the closing price of the Shares of HK\$0.88 quoted on the Stock Exchange on 30th June, 2006, being the date of the Placing Agreement; (ii) a discount of approximately 3.41% to the average closing price of the Shares of approximately HK\$0.88 quoted on the Stock Exchange for the five consecutive trading days immediately prior to 30th June, 2006; and (iii) a discount of approximately 5.56% to the average closing price of the Shares of approximately HK\$0.90 quoted on the Stock Exchange for the ten consecutive trading days immediately prior to 30th June, 2006.

The gross proceeds from the Placing and the Top-Up Subscription will be approximately HK\$20.57 million and the net proceeds from the Placing and the Top-Up Subscription of approximately HK\$20.00 million will be entirely used as general working capital for media network & future acquisition of the Group.

The Placing is unconditional. The Top-Up Subscription is conditional upon (1) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Top-Up Subscription Shares; (2) completion of the Placing; and (3) the Executive granting a waiver to the Vendor from any obligation to make a mandatory offer under Rule 26 of the Takeovers Code arising from the Placing and the Top-Up Subscription.

Trading in the Shares were suspended from 9:30 a.m. on 3rd July, 2006 at the request of the Company pending the publication of this announcement and an application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 4th July, 2006.

PLACING AGREEMENT DATED 30TH JUNE, 2006

Vendor:

Opulent Oriental International Limited, a substantial shareholder of the Company holding approximately 43.91% of the issued share capital of the Company. The entire issued share capital of Opulent Oriental International Limited is held by Yu Gang, George, a Director of the Company, and Union Stars Group Limited as to 75% and 25%, respectively. To the best knowledge of the Directors, the ultimate beneficial owner of Union Stars Group Limited is independent of the Company and its connected persons.

Placing Agent and Placees:

The Placing is arranged by GT Capital Limited which is and whose ultimate beneficial owners are Independent Third Parties.

The Placing Shares will be placed to not less than six Placees who are not connected persons of the Company or acting in concert with the Vendor and parties acting in concert with it. It is expected that none of the Placees will become substantial shareholder of the Company immediately after the Placing.

Number of Placing Shares:

The Placing Shares of 24,200,000 Shares represent approximately 4.85% of the Company's existing issued share capital and approximately 4.63% of its issued share capital as enlarged by the Top-Up Subscription.

Placing Price:

The Placing Price (or the Top-Up Subscription Price) of HK\$0.85 represents (i) a discount of approximately 3.41% to the closing price of the Shares of HK\$0.88 quoted on the Stock Exchange on 30th June, 2006, being the date of the Placing Agreement; (ii) a discount of approximately 3.41% to the average closing price of the Shares of approximately HK\$0.88

quoted on the Stock Exchange for the five consecutive trading days immediately prior to 30th June, 2006; and (iii) a discount of approximately 5.56% to the average closing price of the Shares of approximately HK\$0.90 quoted on the Stock Exchange for the ten consecutive trading days immediately prior to 30th June, 2006.

The net placing price for the Placing is approximately HK\$0.83 per Share.

The Placing Price was negotiated at arm's length between the Company and the Placing Agent. The Directors consider that the Placing Price is fair and reasonable based on current market conditions and in the interest of the Company and its shareholders as a whole.

Condition of the Placing:

The Placing is unconditional.

THE TOP-UP SUBSCRIPTION AGREEMENT DATED 30TH JUNE, 2006

Parties Involved:

The Company as the issuer and the Vendor as the subscriber.

The Top-Up Subscription Price:

The Top-Up Subscription Price is HK\$0.85 per Share. The Top-Up Subscription Price is the same to the Placing Price and was determined after arm's length negotiation between the Company and the Vendor with reference to the Placing Price of the Placing Shares.

Number of Top-Up Subscription Shares:

The number of Top-Up Subscription Shares is equivalent to the number of Placing Shares, being 24,200,000 Shares.

Ranking of Top-Up Subscription Shares:

The Top-Up Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the existing issued Shares.

Implications under the Takeovers Code:

The Placing will result in a decrease in the shareholding of the Vendor and parties acting in concert with it in the Company from approximately 43.91% to approximately 39.06%. The subsequent Top-Up Subscription will result in an increase in the shareholding of the Vendor and parties acting in concert with it in the Company from approximately 39.06% to approximately 41.88%, thus triggering an obligation to make a mandatory offer under the Takeovers Code unless, a waiver of such obligation is granted by the Executive to the Vendor. Application will be made to the Executive for a waiver to be granted to the Vendor from compliance with the obligation to make a mandatory offer pursuant to Note 6 on dispensations from Rule 26 of the Takeovers Code.

Conditions of the Top-Up Subscription:

The Top-Up Subscription is conditional upon:

1. the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, all of the Top-Up Subscription Shares;
2. completion of the Placing; and
3. the Executive granting a waiver to the Vendor from any obligation to make a mandatory offer under Rule 26 of the Takeovers Code arising from the Placing and the Top-Up Subscription.

The Top-Up Subscription Agreement does not provide either party the rights to waive the above conditions.

Application for Listing:

Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Top-Up Subscription Shares.

General Mandate:

The Top-Up Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the Company's special general meeting held on 29th July, 2005. As at the date hereof, no Shares have been issued and allotted under such general mandate. The Top-Up Subscription Shares will utilize approximately 24.50% of the 98,768,000 Shares that are allowed to be allotted and issued under the general mandate.

Completion of the Top-Up Subscription:

Completion of the Top-Up Subscription will take place upon the fulfillment of all conditions listed above (or such later date as the Vendor and the Company may agree but in any case not later than 14th July, 2006). Under the GEM Listing Rules, the Top-Up Subscription must be completed within 14 days after the date of the Top-Up Subscription Agreement, that is, on or before 14th July, 2006.

In the event that the conditions to the Top-Up Subscription Agreement are not fulfilled by 14th July, 2006, the Company and the Vendor may elect, subject to compliance with all requirements in relation to connected transactions under the GEM Listing Rules, to postpone completion of the Top-Up Subscription to a later date to be agreed between the Company and the Vendor. Further announcement will be made by the Company in this regard.

REASONS FOR THE PLACING AND TOP-UP SUBSCRIPTION AND USE OF PROCEEDS

In view of the current market conditions, the Directors consider that the Placing and the Top-Up Subscription represent an ideal opportunity for the Company to raise additional capital for its future business developments, to enhance capital base and broaden its shareholders' base.

The gross proceeds from the Placing and the Top-Up Subscription will be approximately HK\$20.57 million and the net proceeds from the Placing and the Top-Up Subscription (after deducting commission for the Placing and other expenses relating to the Placing and the Top-Up Subscription) of approximately HK\$20.00 million will be entirely used as general working capital for media network & future acquisitions of the Group. As at the date of this announcement, the Company has not identified any particular projects for acquisition.

Considering the lower costs and shorter time involved in the Placing and the Top-Up Subscription when compared with other means of fund raising exercises such as rights issue or open offer, the Directors believe the Placing and the Top-Up Subscription is the most appropriate method as they can enhance the capital base of the Company and the terms (including the commission of the Placing) of the Placing and Top-Up Subscription are fair and reasonable.

The Company has not carried out any fund raising exercise in the last 12 months immediately before the date of this announcement.

SHAREHOLDING STRUCTURE

	Immediately before completion of the Placing		Immediately after completion of the Placing but before the Top-Up Subscription		After completion of the Placing and the Top-Up Subscription	
	Shares	%	Shares	%	Shares	%
Vendor and parties acting in concert with it	218,956,608	43.91	194,756,608	39.06	218,956,608	41.88
Public:						
– The Places			24,200,000	4.85	24,200,000	4.63
– Others	279,638,392	56.09	279,638,392	56.09	279,618,392	53.49
Total	<u>498,595,000</u>	<u>100</u>	<u>498,595,000</u>	<u>100</u>	<u>522,795,000</u>	<u>100</u>

RESUMPTION OF TRADING

Trading in the Shares were suspended from 9:30 a.m. on 3rd July, 2006 at the request of the Company pending the publication of this announcement and an application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 4th July, 2006.

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 the Growth Enterprise Market of the Stock Exchange (stock code: 8317)
“connected person”	has the meaning ascribed in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any of its delegates
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Independent Third Parties”	third parties independent of the Company and its connected persons and not acting in concert with the Vendor and parties acting in concert with it
“parties acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Placees”	any individual(s), corporation(s) and/or institutional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	placing of 24,200,000 existing Shares beneficially owned by the Vendor at the Placing Price pursuant to the Placing Agreement
“Placing Agent”	GT Capital Limited, a deemed licensed corporation (within the meaning of the SFO) to carry on type 1, 2, 4, 5 and 9 regulated activities under the SFO

“Placing Agreement”	the placing agreement entered into between the Placing Agent and the Vendor dated 30th June, 2006 in relation to the Placing
“Placing Price”	HK\$0.85 per Share
“Placing Shares”	24,200,000 existing Shares held by the Vendor to be placed under the Placing
“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 ordinary share(s) of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed in the GEM Listing Rules
“Takeovers Code”	The Hong Kong Codes on Takeovers and Mergers
“Top-Up Subscription”	the subscription by the Vendor for the Top-Up Subscription Shares pursuant to the terms of the Top-Up Subscription Agreement
“Top-Up Subscription Agreement”	the subscription agreement between the Vendor and the Company dated 30th June, 2006 in relation to the Top-Up Subscription
“Top-Up Subscription Price”	HK\$0.85 per Top-Up Subscription Share
“Top-Up Subscription Shares”	a total of 24,200,000 new Shares to be subscribed for by the Vendor and to be issued by the Company pursuant to the Top-Up Subscription Agreement
“Vendor”	Opulent Oriental International Limited
“HK\$”	Hong Kong dollars
“%”	per cent.

By Order of the Board
Yu Gang, George
Chairman

Hong Kong, 3rd July, 2006

As at the date of this announcement, the executive directors of the Company are Dr. Yu Gang, George and Mr. Au Siu Lun, Allen, 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.e-finet.com.