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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)

AMENDMENT TO THE AGREEMENT RELATING TO THE ACQUISITION OF THE ENTIRE ISSUE SHARE CAPITAL OF EAST TREASURE LIMITED

On 19 December 2007, the Company entered into the Amendment Agreement with the Vendors and the Vendors' Guarantors to amend certain terms of the Agreement.

As set out in the Circular, the terms of the Agreement and the transactions contemplated thereunder have been approved by the closely allied group of Shareholders who as at the date of the Agreement together held approximately 50.12% of the then issued share capital of the Company in lieu of holding an extraordinary general meeting of the Company.

The closely allied group of Shareholders have confirmed that, had the amendments been made at the time the approval of the Agreement was requested, such amendments would not have affected the approval given by them.

INTRODUCTION

Reference is made to the announcement of the Company dated 16 May 2007 and the circular of the Company dated 31 August 2007 (the "**Circular**") in relation to the Acquisition. Unless the context specifies otherwise, capitalised terms used in this announcement shall have the same meaning as those defined in the Circular.

On 19 December 2007, the Company entered into an amendment agreement (the "**Amendment Agreement**") with the Vendors and the Vendors' Guarantors to amend certain terms and conditions of the Agreement.

Pursuant to the Amendment Agreement and the transactions contemplated thereunder:

1. The Consideration for the purchase of East Treasure has been reduced from RMB150,000,000 (approximately HK\$159,574,000), subject to adjustments as set out in the Circular, to a fixed amount of RMB59,500,000 (approximately HK\$63,298,000).

The Company has already paid an amount of RMB30,000,000 (approximately HK\$31,915,000) to the Vendors in accordance with the terms of the Agreement. The remaining RMB120,000,000 (approximately HK\$127,660,000), subject to adjustments, was to be paid in three separate instalments between March 2008 and September 2009. Under the Amendment Agreement, the Company will no longer be required to pay the remaining instalments. Instead, the Company will pay an amount of RMB26,500,000 (approximately HK\$28,191,000) within 3 Business Days after the fulfilment of the conditions precedent of the Amendment Agreement. The remaining RMB3,000,000 (approximately HK\$3,191,000) will be payable 45 Business Days after the date of completion of the Amendment Agreement provided that there has been no intervening breach on the part of the Vendors or the Vendors' Guarantors.

2. The operations of East Treasure and Tianchang will be restructured as follows:
 - a. Upon completion of the Amendment Agreement, the employment of Mr. Guo Yu (Chief Executive Officer of Tianchang) will be terminated. The Company is not required to pay any compensation for such termination.
 - b. The Bonus Pool previously established for the benefit of Key Employees and such other employees nominated by Mr. Guo Yu and approved by the Board will be amended such that the Company shall now have the absolute discretion to determine the eligibility of employees for participation in the Bonus Pool and the operation of the Bonus Pool. No additional shares of China Game Company will be contributed by the Company into the Bonus Pool under the Amendment Agreement.
 - c. The Company will procure the transfer of Tianchang from the Vendors' Guarantors to another PRC entity appointed by the Company. Under the Operative Agreements, the Vendors' Guarantors effectively hold Tianchang on trust for the Group. With effect from the completion of the transfer, Tianchang will then be held by a PRC individual for the benefit of the Group. Any amount payable by the Group to the Vendors' Guarantors in compliance with the requirement of the PRC laws (which requires transfer of shares in PRC companies to be made at fair value) will be deducted from the RMB29,500,000 (approximately HK\$31,383,000) referred to above.
 - d. The Company will have the sole discretion on the injection of further investment into East Treasure and Tianchang. In this connection, the Company does not have any present intention to inject further investment into the East Treasure Group.

Completion of the Amendment Agreement is expected to take place on or before 4 January 2008 (or such later date as agreed by the parties) following the completion of the documentation and obtaining the necessary approvals to consummate the transactions contemplated above and compliance by the Company with its obligations under the GEM Listing Rules.

In the event that completion of the revised transactions contemplated in the Amendment Agreement cannot be completed within the expected time frame (or such later date as the Company shall agree), the parties to the Agreement will be reverted to the positions as if the Amendment Agreement had never been entered into. All payments made by the Company in accordance with the Amendment Agreement shall be refunded.

REASONS FOR, AND BENEFITS OF, ENTERING INTO THE AMENDMENT AGREEMENT AND THE TRANSACTION CONTEMPLATED THEREUNDER

Upon the Completion of the Agreement, the Company will control Tianchang through various Operative Agreements entered into with Tianchang and certain of its shareholders. However, the Company now believes that the Operative Agreements do not give the Group the level of executive flexibility over Tianchang which the Company would like.

The Company believes that it will be in a better position to grow Tianchang by putting its own management in Tianchang rather than relying on the incumbent management. Accordingly, the Company has decided to release Mr. Guo Yu from his services to Tianchang. The departure of Mr. Guo Yu will have no material impact on the operations of Tianchang. Mr. Wang Wei and Mr. Ning Zihai, the currently Chief marketing Officer and the Chief Technology Officer of Tianchang respectively, will remain in Tianchang's service.

The Revised Consideration was arrived at after an arm's length negotiation between the Company and the Vendors. The downward adjustment to the Consideration has taken into account the fact that the Vendors will be able to receive the Revised Consideration much earlier than they would otherwise have been under the Agreement. The Amendment Agreement will lower the Company's cost of acquiring East Treasure by approximately RMB90,500,000 (approximately HK\$96,277,000).

IMPLICATIONS UNDER THE LISTING RULES

As set out in the Circular, the terms of the Agreement and the transactions contemplated thereunder have been approved by the closely allied group of Shareholders who as at the date of the Agreement together held approximately 50.12% of the then issued share capital of the Company in lieu of holding an extraordinary general meeting of the Company.

The Directors believe that the amendments set out in the Amendment Agreement are more favourable to the Company and its Shareholders than the original Agreement.

The closely allied group of Shareholders have confirmed that, had the amendments been made at the time the approval of the Agreement was requested, such amendments would not have affected the approval given by them.

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

Hong Kong, 19 December 2007

Amounts denominated in RMB in this announcement have been converted into HK\$ at the rate of HK\$ 1 = RMB0.94 for illustration purposes.

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