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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)

**PROPOSED SHARE CONSOLIDATION
AND
CHANGE OF BOARD LOT SIZE**

The Board proposes that conditional upon and immediately after completion of the Open Offer, the Company will implement the Share Consolidation on the basis that every five issued and unissued Shares will be consolidated into one Consolidated Share. The Board also proposes to change the board lot size for trading in the shares of the Company from 10,000 Shares to 5,000 Consolidated Shares upon the Share Consolidation becoming effective.

The Share Consolidation is subject to, among other things, approval of the Shareholders at the EGM and no Shareholders are required to abstain from voting on the resolution in relation to the Share Consolidation at the EGM. A circular containing, among other things, further details of the Share Consolidation and a notice convening the EGM will be despatched to the Shareholders as soon as practicable.

PROPOSED SHARE CONSOLIDATION

The Board proposes that conditional upon and immediately after completion of the Open Offer, the Company will implement the Share Consolidation on the basis that every five issued and unissued Shares will be consolidated into one Consolidated Share.

EFFECTS OF THE SHARE CONSOLIDATION

As at the date of this announcement, the authorised share capital of the Company is HK\$20,000,000 divided into 2,000,000,000 Shares, of which 899,465,189 Shares have been allotted and issued as fully paid or credited as fully paid. Assuming that there is no change in the total number of Shares in issue from the date of this announcement up to the date of completion of the Open Offer save for the 899,465,189 new Shares to be issued under the Open Offer, upon completion of the Open Offer, the total number of Shares in issue will be enlarged to 1,798,930,378 Shares.

Upon the Share Consolidation becoming effective, on the basis that the Company does not allot and issue any further Shares prior thereto save for the aforesaid 899,465,189 new Shares, the authorised share capital of the Company shall become HK\$20,000,000 divided into 400,000,000 Consolidated Shares, of which 359,786,075 Consolidated Shares will be in issue.

The Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the Company's memorandum and articles of association. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

APPLICATION FOR LISTING

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares to be in issue upon the Share Consolidation becoming effective.

CONDITIONS OF THE SHARE CONSOLIDATION

The Share Consolidation is conditional upon:

- (i) the passing by the Shareholders of an ordinary resolution to approve the Share Consolidation at the EGM;
- (ii) the completion of the Open Offer; and
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Consolidated Shares in issue.

CHANGE OF BOARD LOT SIZE

Based on the closing price of HK\$0.083 per Share as at the date of this announcement, the value of the current board lot of 10,000 Shares is HK\$830. The Board proposes to change the board lot size for trading in the shares of the Company from 10,000 Shares to 5,000 Consolidated Shares upon the Share Consolidation becoming effective. Based on the closing price of HK\$0.083 per Share as at the date of this announcement, the ex-entitlement price per Share will be HK\$0.0765 upon completion of the Open Offer and the expected value of each board lot of 5,000 Consolidated Shares is HK\$1,912.5.

REASONS FOR THE SHARE CONSOLIDATION

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. With reference to the recent trading price of the Shares, the Board proposes to proceed with the Share Consolidation. It is also expected that the Share Consolidation would bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange, which, along with the change in board lot size, will reduce the overall transaction costs for dealings in the Consolidated Shares. Accordingly, the Board is of the view that the Share Consolidation and change in board lot size are in the interest of the Company and the Shareholders as a whole.

ODD LOT ARRANGEMENTS AND FRACTIONAL CONSOLIDATED SHARES

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be stated in the circular to be despatched to the Shareholders in relation to, among other things, the Share Consolidation.

Fractional entitlements of Consolidated Shares will be disregarded and not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of Shares regardless of the number of share certificates held by such holder.

EXCHANGE OF SHARE CERTIFICATES

Subject to the Share Consolidation becoming effective, which is expected to be at 9:30 a.m. on Monday, 30 November 2009, Shareholders may, on or after Monday, 30 November 2009 until Thursday, 7 January 2010 (both days inclusive) submit share certificates for existing Shares to Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar of the Company, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange, at the expense of the Company, for certificates of the Consolidated Shares (on the basis of five existing Shares for one Consolidated Share). Thereafter, the share certificates for existing Shares will remain effective as documents of title but will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) per certificate issued or cancelled (whichever is higher) payable by the Shareholders to the Hong Kong branch share registrar of the Company.

ADJUSTMENTS TO THE SHARE OPTIONS AND THE BONUS WARRANTS

As at the date of this announcement, the Company has outstanding Share Options entitling the holders thereof to subscribe for an aggregate of 21,201,742 Shares and outstanding Bonus Warrants entitling the holders thereof to convert into an aggregate of 89,495,311 Shares. Adjustments to (a) the exercise prices and numbers of the outstanding Share Options; and (b) the subscription price of the Bonus Warrants, may be required under the relevant terms of the Share Option Schemes and the Bonus Warrants, respectively. The auditors of the Company will be appointed to certify the necessary adjustments, if any, to the exercise prices and number of the outstanding Share Options. Further announcement will be made by the Company in this regard.

EXPECTED TIMETABLE

Set out below is the expected timetable in relation to the Share Consolidation and change of board lot size:

Despatch of circular and notice of EGM On or before Wednesday, 14 October 2009

Latest time for return

of form of proxy for the EGM 4:00 p.m. on Wednesday, 28 October 2009

EGM to be held 4:00 p.m. on Friday, 30 October 2009

Announcement of the results of the EGM by 11:00 p.m. on Friday, 30 October 2009

Effective date of the Share Consolidation Monday, 30 November 2009

First day of free exchange for existing
share certificates for new share certificates
for Consolidated Shares Monday, 30 November 2009

Original counter for trading in existing
Shares in board lots of 10,000 Shares
temporarily closes 9:30 a.m. on Monday, 30 November 2009

Temporarily counter for trading in
Consolidated Shares in board lots of 2,000
Consolidated Shares (in the form of
existing share certificates) opens 9:30 a.m. on Monday, 30 November 2009

Original counter for trading in
Consolidated Shares in board lots of 5,000
Consolidated Shares (in the form of
new share certificates) re-opens Monday, 14 December 2009

Parallel trading in Consolidated Shares
(in the form of new share certificates
and existing share certificates)
commences on 9:30 a.m. on Monday, 14 December 2009

Designated broker starts to stand in
the market to provide matching services
for odd lots of Consolidated Shares Monday, 14 December 2009

Temporarily counter for trading in
Consolidated Shares in board lots of 2,000
Consolidated Shares (in the form of
existing share certificates) closes 4:00 p.m. on Tuesday, 5 January 2010

Parallel trading in Consolidated Shares
(in the form of new share certificates
and existing share certificates) ends 4:00 p.m. on Tuesday, 5 January 2010

Designated broker ceases to stand in
the market to provide matching services
for odd lots of Consolidated Shares 4:00 p.m. on Tuesday, 5 January 2010

Last day for free exchange of existing share
certificates for new share certificates Thursday, 7 January 2010

Note: All times and dates refer to Hong Kong local time and dates. If there is any change to the above timetable, the Company will make a further announcement.

GENERAL

The Share Consolidation is subject to, among other things, approval of the Shareholders at the EGM and no Shareholders are required to abstain from voting on the resolution in relation to the Share Consolidation at the EGM. A circular containing, among other things, further details of the Share Consolidation and a notice convening the EGM will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

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

“Board”	the board of Directors
“Bonus Warrant(s)”	the warrant(s) issued by the Company on 3 August 2009 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 the Bonus Warrants (both dates inclusive), for an aggregate of 89,495,311 fully paid Shares at the initial subscription price of HK\$0.10 (subject to adjustments), which remain outstanding as at the date of this announcement
“Company”	Finet Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“Consolidated Shares”	ordinary share(s) of HK\$0.05 each in the share capital of the Company after the Share Consolidation becoming effective
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held on Friday, 30 October 2009 at which resolution(s) will be proposed to consider, and if thought fit, to approve, among other things, the Share Consolidation by the Shareholders
“GEM”	The Growth Enterprises Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Offer Share(s)”	not less than 899,465,189 new Shares and not more than 996,424,048 new Shares proposed to be offered to the qualifying Shareholders for subscription under the Open Offer

“Open Offer”	the proposed offer for subscription at the subscription price of HK\$0.07 per Offer Share to be made by the Company to the qualifying Shareholders in the proportion of one Offer Share for every existing Share held on the record date by way of open offer, as more particularly described in the announcement of the Company dated 25 September 2009
“PRC”	the People’s Republic of China
“Share(s)”	the existing share(s) of HK\$0.01 each in the share capital of the Company
“Share Consolidation”	the proposed consolidation of every five issued and unissued Shares into one Consolidated Share
“Share Options”	options to subscribe for an aggregate of 21,201,742 Shares at the exercise prices ranging from HK\$0.1368 to HK\$0.6091 per Share (subject to adjustments) granted under the Share Option Schemes, which remain outstanding as at the date of this announcement
“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

By Order of the Board
Yu Gang, George
Chairman

Hong Kong, 30 September 2009

As at the date of this announcement, the executive Directors are Dr. Yu Gang, George and Mr. Lin Peng, Ben and the independent non-executive Directors are Dr. Lam Lee G., Mr. Wu Tak Lung and Mr. Lam Ka Wai, Graham.

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.