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## **FlexSystem Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8050)

### **MAJOR TRANSACTION: ACQUISITION OF REAL PROPERTY**

On 5 July 2006, the Group entered into the Sale and Purchase Agreement with the Vendor in relation to the acquisition of the Property for a cash consideration of HK\$19,500,000.

The Acquisition constitutes a major transaction on the part of the Company under the GEM Listing Rules and is conditional upon the approval of Shareholders. As no Shareholder is required to abstain from voting on the Sale and Purchase Agreement and the transactions contemplated thereby and the written approval has been obtained from SomaFlex, the controlling Shareholder which holds more than 50% in nominal value of the total issued share capital of the Company, in respect of the Sale and Purchase Agreement and the transactions contemplated thereby, no general meeting of the Company will be held in relation to the Acquisition.

A circular, containing further information regarding, among other matters, the Acquisition and the independent valuation of the Property to be conducted, will be despatched to the Shareholders as soon as possible.

### **SALE AND PURCHASE AGREEMENT**

On 5 July 2006, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor in relation to the acquisition of the Property for a cash consideration of HK\$19,500,000.

To the best of the Directors' knowledge, information and belief having made reasonable enquiry, the Vendor and its ultimate beneficial owners are independent third parties independent of the Company and its connected persons within the meaning of the GEM Listing Rules. To the best of the Directors' knowledge, information and belief, the Vendor is an investment holding company.

**Asset to be acquired:**

Pursuant to the Sale and Purchase Agreement, the Vendor agreed to sell and the Purchaser agreed to acquire the Property upon the terms and conditions of the Sale and Purchase Agreement. To the best of the Directors' knowledge, information and belief, the Property has a gross area of about 30,667 square feet and is at present vacant.

**Consideration:**

The consideration for the Property is HK\$19,500,000, of which:

- (i) HK\$1,950,000 has been paid by the Group upon signing the Sale and Purchase Agreement as deposit and part payment; and
- (ii) the remaining balance of HK\$17,550,000 shall be payable by the Group upon Completion.

The consideration for the Property, representing about HK\$635 per square foot, was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement after having taken into account the market prices of comparable industrial properties in the proximity which is in the range of about HK\$500 per square foot to HK\$1,200 per square foot. The consideration has been/will be financed by the internal resources of the Group.

The Directors consider that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**Condition precedent**

The Acquisition is conditional upon the approval by the Shareholders having been obtained on or before the date of Completion.

**Completion**

Subject to the fulfillment of the condition precedent mentioned above, Completion will take place on or before 30 September 2006.

**REASON FOR THE ACQUISITION**

The Group is principally engaged in development and sale of software products and provision of application software services.

As present, the Company is leasing its principal office in Hong Kong. The Directors intend to use the Property as the principal office of the Group in Hong Kong. The Acquisition will enable the Group to have its own place of business in Hong Kong thereby avoiding any increase in rental expenses from leasing of property in the long run.

## **GENERAL**

The Acquisition constitutes a major transaction on the part of the Company under the GEM Listing Rules and is conditional upon the approval of Shareholders.

As no Shareholder is required to abstain from voting on the Sale and Purchase Agreement and the transactions contemplated thereby and the written approval has been obtained from SomaFlex, the controlling Shareholder which holds more than 50% in nominal value of the total issued share capital of the Company, in respect of the Sale and Purchase Agreement and the transactions contemplated thereby, no general meeting of the Company will be held in relation to the Acquisition.

A circular, containing further information regarding, among other matters, the Acquisition and the independent valuation of the Property to be conducted, will be despatched to the Shareholders as soon as possible.

## **DEFINITIONS**

The following expressions have the following meanings in this announcement.

“Acquisition”	the acquisition of the Property subject to and upon the terms and conditions of the Sale and Purchase Agreement
“Board”	the board of Directors
“Company”	FlexSystem Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on GEM
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Directors”	the directors of the Company
“GEM”	the Growth Enterprise 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”	Hong Kong Special Administrative Region of the People’s Republic of China
“Property”	Unit A on 4th Floor and Parking Space No. 45 on Ground Floor of Eastern Sea Industrial Building, No. 29-39 Kwai Cheong Road and No. 48-56 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong
“Purchaser”	FlexSystem Limited, a wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the formal agreement for sale and purchase of the Property dated 5 July 2006 and entered into between the Purchaser and the Vendor
“Shareholder(s)”	the holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“SomaFlex”	SomaFlex Holdings Inc., the controlling Shareholder interested in 475,500,000 Shares representing approximately 79.25% of the total issued share capital of the Company as at the date of this announcement, which is a private company incorporated in the British Virgin Islands and is beneficially owned as to approximately 98.27% by Mr. Lok Wai Man, the chairman and an executive Director
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Tai Wah Television Industries Limited, the beneficial owner of the Property
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board  
**FlexSystem Holdings Limited**  
**Lok Wai Man**  
*Chairman*

Hong Kong, 5 July 2006

*As at the date of this announcement, the executive Directors are Lok Wai Man, So Yiu King and Chow Chi Ming, Daniel and the independent non-executive Directors are Lee Kar Wai, Tse Lin Chung and Mak Wing Kwong, David.*

*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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) 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 GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least 7 days from the date of its publication*