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FlexSystem Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8050)

DESPATCH OF CIRCULAR

Financial adviser to FlexSystem Holdings Limited

VEDA | CAPITAL
智 略 資 本

The Board is pleased to announce that the Circular will be despatched to the Shareholders on 16 March 2011.

The expected timetable in relation to the Distribution is set out in this announcement below.

Reference is made to the joint announcement (the “**Joint Announcement**”) of FlexSystem Holdings Limited (the “**Company**”) and Excel Score Limited dated 18 February 2011 and the delay in despatch announcement of the Company dated 11 March 2011. Unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the Joint Announcement.

DESPATCH OF CIRCULAR

The circular (the “**Circular**”) containing, among other things, (i) further details of the Disposal, the Special Deal, the Distribution and the Reorganisation; (ii) the letter of recommendation from the Independent Board Committee and letter of advice from the Independent Financial Adviser in respect of the Disposal, the Special Deal and the Distribution; and (iii) a notice convening the EGM, will be despatched to the Shareholders on 16 March 2011.

PROPOSED SPECIAL DISTRIBUTION

As set out in the Joint Announcement, the Board has resolved to recommend to the Independent Shareholders for approval at the EGM a declaration of the Distribution of not less than HK\$40 million and not more than HK\$45 million and the exact amount of the Distribution will be disclosed in the Circular and the Directors would put forward for approval by the Independent Shareholders the Distribution with the exact amount of the special dividend. However, as the finalisation of the exact amount of the Distribution has to take into account the overall expenses incurred or to be incurred for the Disposal and such expenses could only be finalised upon Disposal Completion, an estimated amount of Distribution of approximately HK\$41.60 million is disclosed in the Circular instead. Further announcement will be made by the Company to advise the exact amount of the Distribution (which in any event will be not less than HK\$40 million and not more than HK\$45 million).

As at the date of this announcement, the Company has 600,000,000 Shares in issue. Assuming there being no change to the issued share capital of the Company, the estimated amount of the Distribution per Share would be approximately HK\$0.0693 based on the estimated amount of Distribution of approximately HK\$41.60 million (subject to finalisation by the Board).

Shareholders and potential investors shall note that the Distribution is subject to (i) the Independent Shareholders' approval to be obtained at the EGM; (ii) the completion of the Disposal; and (iii) the Distribution being made in compliance with laws of the Cayman Islands. Accordingly, the Distribution may or may not materialise. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.

REQUIRED FINANCIAL INFORMATION

As set out in the Joint Announcement, in connection with the requirement under rule 19.60(3)(a) of the GEM Listing Rules regarding the disclosure of the Required Financial Information, an application for waiver has been made by the Company and has been granted by the Stock Exchange for including such information in the Joint Announcement. The Required Financial Information has been disclosed in the Circular and extracted for information as below:

“As set out in the unaudited pro forma financial information on the Remaining Group in Appendix III to the Circular, the estimated gain on the Disposal is approximately HK\$6.85 million (the “Estimated Gain”) which is calculated based on: (i) the net cash consideration of approximately HK\$36.00 million (representing the consideration for the Disposal Share and the waiver of the Disposal Debt and Norray Debt under the Disposal of HK\$40.00 million less the estimated expenses in connection with the Disposal of approximately HK\$4.00 million); (ii) the net liabilities of the Disposal Group attributable to equity holders of the Company as at 30 September 2010 of approximately HK\$49.97 million; and (iii) the Disposal Debt and Norray Debt with carrying amount of approximately HK\$79.56 million and HK\$0.44 million respectively as at 30 September 2010, as if the Disposal had been completed on 1 April 2009.”

EXPECTED TIMETABLE

The expected timetable set out below is indicative only and subject to change. Further announcement(s) will be made by the Company on any change of the expected timetable.

2011

Last day of dealings in the Shares cum-entitlement to
the Distribution (*Note 1*) Thursday, 31 March

First day of dealings in the Shares ex-entitlement to
the Distribution (*Note 1*) Friday, 1 April

Latest time for lodging transfers of the Shares with
the Registrar in order to be qualified for
the Distribution 4:30 p.m. on Monday, 4 April

Closure of the register of members of the Company
for determining the entitlements of the Qualifying
Shareholders to the Distribution Wednesday, 6 April to
Friday, 8 April
(both dates inclusive)

Latest time for lodging form of proxy in respect of
the EGM (*Note 2*) 10:30 a.m. on Wednesday, 6 April

**Record Date for determining the entitlements of
the Qualifying Shareholders to the Distribution Friday, 8 April**

EGM 10:30 a.m. on Friday, 8 April

Announcement of final amount of the Distribution Wednesday, 13 April

Expected date of despatch of the cash cheque for
the Distribution to the Qualifying Shareholders Monday, 18 April

Notes:

1. The Distribution is subject to, among others, Disposal Completion.
2. The form of proxy should be lodged with the Registrar as soon as possible and in any event not later than the time and date stated above. Completion and return of a form of proxy for the EGM will not preclude a Shareholder from attending and voting in person at the EGM if he or she so wishes. In such event, the returned form of proxy will be deemed to have been revoked.

By order of the Board of
FlexSystem Holdings Limited
Lok Wai Man
Executive Director

Hong Kong, 15 March 2011

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

This announcement, for which 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page and the website of the Company at <http://www.flexsystem.com> for at least seven days from the day of its posting.