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*This joint announcement appears for information purposes only and does not constitute an intention or offer to acquire, purchase or subscribe for any securities of FlexSystem Holdings Limited.*

**Happy On Holdings Limited**

*(Incorporated in the British Virgin Islands  
with limited liability)*

**FlexSystem Holdings Limited**

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

**JOINT ANNOUNCEMENT**

**(1) SALE AND PURCHASE AGREEMENT IN  
RELATION TO THE SALE AND PURCHASE  
OF SHARES IN FLEXSYSTEM HOLDINGS LIMITED;  
(2) UNCONDITIONAL MANDATORY CASH OFFER BY  
QUAM SECURITIES COMPANY LIMITED**



**ON BEHALF OF HAPPY ON HOLDINGS LIMITED  
FOR ALL THE ISSUED SHARES IN  
FLEXSYSTEM HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED  
OR AGREED TO BE ACQUIRED  
BY HAPPY ON HOLDINGS LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT);  
AND  
(3) RESUMPTION OF TRADING IN THE  
SHARES OF FLEXSYSTEM HOLDINGS LIMITED**

**Financial Adviser to the Offeror**



**Financial Adviser to the Vendors**



## **ACQUISITION OF SALE SHARES**

On 29 December 2011, the Offeror, the First Vendor (also acting as the Guarantor) and the Second Vendor entered into the Sale and Purchase Agreement pursuant to which the Offeror agreed to acquire and the Vendors agreed to sell the Sale Shares, being 420,000,000 Shares, representing 70.0% of the entire issued share capital of the Company as at the date of this joint announcement. The aggregate consideration for the Sale Shares is HK\$133,000,000.00 (equivalent to approximately HK\$0.3167 per Sale Share) which was agreed between the Offeror and the Vendors after arm's length negotiations. The First Vendor, being the ultimate beneficial owner of the Second Vendor, has agreed to guarantee the performance of the obligations of the Second Vendor under the Sale and Purchase Agreement. Completion took place immediately after the entering into of the Sale and Purchase Agreement on 29 December 2011 and the consideration was paid by the Offeror to the Vendors in cash upon Completion.

## **UNCONDITIONAL MANDATORY CASH OFFER**

Immediately following Completion, the Offeror and parties acting in concert with it are interested in 420,000,000 Shares, representing 70.0% of the entire issued share capital of the Company as at the date of this joint announcement. Accordingly, pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

Quam Securities will make the Offer, which is unconditional in all respects, on behalf of the Offeror, in compliance with the Takeovers Code on the following terms:

For every Offer Share . . . . . HK\$0.3167 in cash

The Offer Price of HK\$0.3167 per Offer Share is the same as the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

The principal terms of the Offer are set out under the section headed "Unconditional mandatory cash offer" below in this joint announcement. Quam Capital has been appointed as the financial adviser to the Offeror in respect of the Offer and is satisfied that there are sufficient financial resources available to the Offeror to satisfy the full acceptance of the Offer.

## **GENERAL**

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch an offer document containing the terms of the Offer, together with the Form of Acceptance, to the Shareholders within 21 days after the date of this joint announcement, or such later date as the Executive may approve.

In accordance with the Takeovers Code, the Company is required to send the offeree board circular in relation to the Offer to the Shareholders within 14 days of the posting of the offer document, or such later date as the Executive may approve.

It is the intention of the sole director of the Offeror and the Board to combine the offer document and the offeree board circular into a composite offer document. Accordingly, a composite offer document (accompanied by the Form of Acceptance) in connection with the Offer setting out, inter alia, details of the Offer (including the expected timetable) and incorporating the respective letters of advice from the Independent Board Committee and the independent financial adviser on the Offer will be issued and despatched by the Offeror and the Company jointly to the Shareholders in accordance with the Takeovers Code, within 21 days after the date of this joint announcement or such later date as the Executive may approve. Independent Shareholders are encouraged to read the composite offer document carefully, including the advice of the independent financial adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer, before deciding whether or not to accept the Offer.

#### **INDEPENDENT BOARD COMMITTEE**

An Independent Board Committee, comprising all the three independent non-executive Directors namely Mr. Lung Hung Cheuk, Ms. Yeung Wing Yan, Wendy and Mr. Yip Tai Him, has been established to advise the Independent Shareholders in relation to the terms and conditions of the Offer. The Company will make further announcement in respect of the appointment of the independent financial adviser.

#### **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on GEM was suspended with effect from 10:09 a.m. on 29 December 2011 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on GEM with effect from 9:00 a.m. on 9 January 2012.

#### **WARNING**

**Shareholders and potential investors should exercise caution when dealing in the Shares during the Offer period. If the Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.**

#### **ACQUISITION OF SALE SHARES**

On 29 December 2011, the Offeror, the First Vendor (also acting as the Guarantor) and the Second Vendor entered into the Sale and Purchase Agreement pursuant to which the Offeror agreed to acquire and the Vendors agreed to sell the Sale Shares, being 420,000,000 Shares, representing 70.0% of the entire issued share capital of the Company as at the date of this joint announcement, free from all Encumbrances and together with all rights and entitlements which the Vendors have in the Sale Shares as at the Completion Date (including but not limited to

any distributions, dividends, share options, warrants, bonus and rights issue). The aggregate consideration for the Sale Shares is HK\$133,000,000.00 (equivalent to approximately HK\$0.3167 per Sale Share) which was agreed between the Offeror and the Vendors after arm's length negotiations. Odysseus Capital has been appointed as financial adviser to the Vendors in respect of the sale of the Sale Shares. The principal terms of the Sale and Purchase Agreement are summarised below:

## **THE SALE AND PURCHASE AGREEMENT**

### **Date**

29 December 2011

### **Parties**

First Vendor and the Guarantor: Mr. Pong

Second Vendor: Excel Score Limited, a company incorporated in the BVI with limited liability and is wholly and beneficially owned by the First Vendor

Purchaser: Offeror, a company incorporated in the BVI with limited liability

In consideration of the Purchaser agreeing to enter into the Sale and Purchase Agreement, the First Vendor has agreed to guarantee in favour of the Purchaser the due and punctual performance of the obligations of the Second Vendor under the Sale and Purchase Agreement subject to and upon the terms and conditions of the Sale and Purchase Agreement.

### **Subject of the Sale and Purchase Agreement**

Pursuant to the Sale and Purchase Agreement, the Vendors have sold and the Offeror has purchased the Sale Shares, being 420,000,000 Shares, representing 70.0% of the entire issued share capital of the Company as at the date of this joint announcement, free from all Encumbrances and together with all rights and entitlements which the Vendors have in the Sale Shares as at the Completion Date (including but not limited to any distributions, dividends, share options, warrants, bonus and rights issue).

### **Consideration**

The aggregate consideration for the Sale Shares is HK\$133,000,000.00 (equivalent to approximately HK\$0.3167 per Sale Share) which was agreed between the Offeror and the Vendors after arm's length negotiations and was paid by the Offeror to the Vendors in cash upon Completion.

Completion took place immediately after the entering into of the Sales and Purchase Agreement on 29 December 2011.

## **UNCONDITIONAL MANDATORY CASH OFFER**

Immediately following Completion, the Offeror and parties acting in concert with it are interested in 420,000,000 Shares, representing 70.0% of the entire issued share capital of the Company as at the date of this joint announcement. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

As at the date of this joint announcement, there are 600,000,000 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or other securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or other securities of the Company.

### **Principal terms of the Offer**

Quam Securities will make the Offer, which is unconditional in all respects, on behalf of the Offeror, in compliance with the Takeovers Code on the following terms:

For every Offer Share .....HK\$0.3167 in cash

The Offer Price of HK\$0.3167 per Offer Share is the same as the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

### **Comparison of value**

The Offer Price of HK\$0.3167 per Offer Share is equal to the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement and represents:

- (a) a discount of approximately 12.0% to the closing price of HK\$0.36 per Share, as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 10.5% to the average closing price of HK\$0.354 per Share, being the average closing price of the Shares for the 5 consecutive trading days immediately prior to and including the Last Trading Day;
- (c) a discount of approximately 3.1% to the average closing price of HK\$0.327 per Share, being the average closing price of the Shares for the 10 consecutive trading days immediately prior to and including the Last Trading Day; and
- (d) a premium of approximately 2,495.9% over the Company's unaudited net asset value of approximately HK\$0.0122 per Share based on the Group's unaudited consolidated net asset value (excluding non-controlling interests) of approximately HK\$7.3 million as at 30 September 2011 as shown in the interim report of the Company for the six months ended 30 September 2011 and 600,000,000 Shares in issue as at the date of this joint announcement.

## **Highest and lowest Share prices**

During the six-month period preceding the Last Trading Day, the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.46 per Share on 15 July 2011 to 22 July 2011 and the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.265 per Share on 26 September 2011 to 4 October 2011 and 7 October 2011 to 12 October 2011.

## **Value of the Offer**

As at the date of this joint announcement, the Company has 600,000,000 Shares in issue. Assuming that there is no change in the issued share capital of the Company prior to the making of the Offer, based on the Offer Price of HK\$0.3167 per Offer Share, the entire issued share capital of the Company is valued at approximately HK\$190,000,000. As the Offeror and parties acting in concert with it have already held 420,000,000 Shares after Completion, only 180,000,000 Shares will be subject to the Offer and the Offer is valued at approximately HK\$57,006,000 based on the Offer Price.

## **Financial resources available to the Offeror**

Quam Capital has been appointed as the financial adviser to the Offeror in respect of the Offer and is satisfied that there are sufficient financial resources available to the Offeror to satisfy the full acceptance of the Offer.

## **Stamp duty**

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to such person on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

## **Effect of accepting the Offer**

By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror or its nominee free from all liens, claims and encumbrances and with all rights attached to them as at the Completion Date, including the right to receive all dividends paid, declared or made, if any, on or after the Completion Date.

## **Payment**

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within 10 days of the date on which the relevant documents of title and duly completed acceptance(s) are received by the Offeror to render each such acceptance complete and valid pursuant to Note 1 to Rule 30.2 of the Takeovers Code.

## **Dealing and interests in the Company's securities**

Save for the Sale Shares under the Sale and Purchase Agreement, none of the Offeror nor parties acting in concert with it has dealt in the Shares, options, derivatives, warrants or other securities convertible into Shares during the six-month period prior to the date of this joint announcement. As at the date of this joint announcement, save for the Sale Shares under the Sale and Purchase Agreement, the Offeror and parties acting in concert with it do not hold, own or control any Shares, options, derivatives, warrants or other securities convertible into Shares.

As at the date of this joint announcement:

- (i) there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer;
- (ii) save for the Sale and Purchase Agreement, there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (iii) save for the Sale Shares, none of the Offeror nor parties acting in concert with it owned or had control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (iv) none of the Offeror nor parties acting in concert with it has received any irrevocable commitment to accept the Offer; and
- (v) none of the Offeror nor parties acting in concert with it has entered into any arrangements or contracts in relation to the outstanding derivatives in respect of securities in the Company nor has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

## **Overseas Shareholders**

The Offer will be in respect of securities of a company incorporated in Cayman Islands and will be subject to the procedural and disclosure requirements of Hong Kong, which may be different from other jurisdictions. The Shareholders who wish to participate in the Offer but with registered address outside Hong Kong will also be subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer.

The Shareholders who have registered addresses outside Hong Kong and wish to accept the Offer should satisfy themselves as to the full observance of the applicable laws and regulations of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer of other taxes due by such accepting Shareholders in respect of such jurisdiction).



## **INFORMATION ON THE OFFEROR**

The Offeror is a company incorporated in the BVI on 5 July 2011 with limited liability and is principally engaged in investment activities. The Offeror is wholly and ultimately beneficially owned by Mr. Chan. Mr. Chan is the sole director of the Offeror. Before the date of the Sale and Purchase Agreement, the Offeror has not conducted any business since its incorporation. Save for the cash used and to be used for the settlement of the consideration for the Sale Shares and the Offer, the Offeror does not have any material assets as at the date of this joint announcement.

Mr. Chan, aged 62, is a merchant and investor who has pursued investments in areas of maritime related industries, real estate and international trading, among others. He is currently actively involved in various telecommunications endeavors in the PRC.

## **INFORMATION ON THE GROUP**

The Group is principally engaged in provision of system integration services and other value-added technical consultation services and hardware-related business.

The Group recorded audited revenues of approximately HK\$89.1 million and approximately HK\$102.0 million for the years ended 31 March 2010 and 31 March 2011 respectively. The audited gross profits of the Group for the years ended 31 March 2010 and 31 March 2011 were approximately HK\$53.8 million and approximately HK\$67.3 million respectively. Loss attributable to equity holders (excluding non-controlling interests) were approximately HK\$12.8 million and approximately HK\$6.8 million for the years ended 31 March 2010 and 31 March 2011 respectively. The audited consolidated net asset value (excluding non-controlling interests) of the Group recorded approximately HK\$46.8 million and approximately HK\$41.2 million as at 31 March 2010 and 31 March 2011 respectively.



## SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) immediately before Completion; and (ii) immediately after Completion and as at the date of this joint announcement:

Shareholders	Immediately before Completion		Immediately after Completion and as at the date of this joint announcement	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
The First Vendor ( <i>Note 1</i> )	128,598,000	21.43	14,598,000	2.43
The Second Vendor ( <i>Note 2</i> )	306,000,000	51.00	–	–
The Offeror and parties acting in concert with it	–	–	420,000,000	70.00
Public Shareholders	<u>165,402,000</u>	<u>27.57</u>	<u>165,402,000</u>	<u>27.57</u>
Total	<u>600,000,000</u>	<u>100.00%</u>	<u>600,000,000</u>	<u>100.00%</u>

*Notes:*

1. *Mr. Pong Wai San, Wilson.*
2. *The Second Vendor is a company wholly-owned by the First Vendor.*

## THE OFFEROR'S INTENTION ON THE GROUP

It is the intention of the Offeror that the Group will continue its existing principal activities. As at the date of this joint announcement, the Offeror does not intend to introduce any major changes to the existing operation and business of the Company and has no intention or plan for any acquisition or disposal of assets and/or business by the Group. Immediately after the close of the Offer, the Offeror will conduct a more detailed review on the operations of the Group with a view to develop a comprehensive corporate strategy to broaden the revenue base of the Group. The Offeror will evaluate all available opportunities to consider whether there are any assets and/or business acquisitions suitable for enhancing the overall growth of the Group and may consider further acquisition in such assets and/or business if there will be suitable opportunity. Should such opportunity(ies) materialize, further announcement(s) will be made by the Company as and when required by the GEM Listing Rules.

Pursuant to the Sale and Purchase Agreement, the Offeror has irrevocably and unconditionally undertaken to procure the change of the name of the Company from its present name to a new name that does not contain the words or expressions “Flex System” or any other similar words or expressions or any colourable intimation thereof, such change to be effective as soon as practicable after Completion but in any event within 120 days from Completion.

## **PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY**

The Board is currently made up of five Directors, comprising two executive Directors and three independent non-executive Directors.

The Offeror intends to nominate new Directors to the Board with effect from the earliest time permitted under the Takeovers Code. Any changes to the Board will be made in compliance with the Takeovers Code and the GEM Listing Rules and further announcement will be made accordingly.

## **MAINTENANCE OF THE LISTING STATUS OF THE COMPANY**

The Offeror intends to maintain the listing of the Shares on GEM after the close of the Offer. The director of the Offeror and the new directors to be appointed to the Board will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

**If, upon the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, the Stock Exchange will consider exercising its discretion to suspend trading in the Shares.**

## **GENERAL**

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch an offer document containing the terms of the Offer, together with the Form of Acceptance, to the Shareholders within 21 days after the date of this joint announcement, or such later date as the Executive may approve.

In accordance with the Takeovers Code, the Company is required to send the offeree board circular in relation to the Offer to the Shareholders within 14 days of the posting of the offer document, or such later date as the Executive may approve.

It is the intention of the sole director of the Offeror and the Board to combine the offer document and the offeree board circular into a composite offer document. Accordingly, a composite offer document (accompanied by the Form of Acceptance) in connection with the Offer setting out, inter alia, details of the Offer (including the expected timetable) and incorporating the respective letters of advice from the Independent Board Committee and the independent financial adviser on the Offer will be issued and despatched by the Offeror and the Company jointly to the Shareholders in accordance with the Takeovers Code, within 21 days after the date of this joint announcement or such later date as the Executive may approve. Independent Shareholders are encouraged to read the composite offer document carefully, including the advice of the independent financial adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer, before deciding whether or not to accept the Offer.

An Independent Board Committee, comprising all the three independent non-executive Directors namely Mr. Lung Hung Cheuk, Ms. Yeung Wing Yan, Wendy and Mr. Yip Tai Him, has been established to advise the Independent Shareholders in relation to the terms and conditions of the Offer. The Company will make further announcement in respect of the appointment of the independent financial adviser.

## **Dealings Disclosure**

In accordance with Rule 3.8 of the Takeovers Code, associates (as defined under the Takeovers Code) of the Company and the Offeror (including persons who own or control 5% or more of any class of relevant securities issued by the Company or the Offeror) are hereby reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on GEM was suspended with effect from 10:09 a.m. on 29 December 2011 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on GEM with effect from 9:00 a.m. on 9 January 2012.

## **WARNING**

**Shareholders and potential investors should exercise caution when dealing in the Shares during the Offer period. If the Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.**

## DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following expressions have the following meanings:

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	FlexSystem Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on GEM
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date of the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Encumbrances”	any charge, mortgage, lien, option, equitable right, power of sale, pledge, hypothecation, retention of title, right of pre-emption, right of first refusal or other third party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“First Vendor” or “Mr. Pong”	Mr. Pong Wai San, Wilson, the beneficial owner of 14,598,000 Shares as at the date of this joint announcement and immediately after Completion and the ultimate beneficial owner of the Second Vendor
“Form of Acceptance”	the accompanying form of acceptance and transfer of Shares in respect of the Offer
“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

“Guarantor”	Mr. Pong, being the guarantor who has agreed to guarantee the due and punctual performance by the Second Vendor of all of the obligations, commitments, undertakings, warranties, indemnities and covenants expressed to be imposed on or assumed by it under the Sale and Purchase Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board (comprising all the three independent non-executive Directors namely Mr. Lung Hung Cheuk, Ms. Yeung Wing Yan, Wendy and Mr. Yip Tai Him) which has been established to advise the Independent Shareholders in relation to the terms and conditions of the Offer and as to acceptance of the Offer
“Independent Shareholders”	Shareholders other than the Offeror, the Vendors and parties acting in concert with any of them
“Last Trading Day”	28 December 2011, being the last full trading day of the Shares immediately prior to the suspension in trading of the Shares on GEM at 10:09 a.m. on 29 December 2011 pending the release of this joint announcement
“Mr. Chan”	Mr. Chan Foo Wing, being the sole shareholder and director of the Offeror
“Odysseus Capital”	Odysseus Capital Asia Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and the financial adviser to the Vendors in respect of the sale of the Sale Shares
“Offer”	the unconditional mandatory cash offer to be made by Quam Securities on behalf of the Offeror for all the issued Shares (other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code
“Offer Price”	the price per Offer Share at which the Offer will be made in cash, being HK\$0.3167 per Offer Share
“Offer Share(s)”	issued Share(s) in respect of which the Offer is made, being Shares other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it

“Offeror” or “Purchaser”	Happy On Holdings Limited, a company incorporated in the BVI with limited liability, and the entire issued share capital of which is legally and beneficially owned by Mr. Chan
“PRC”	the People’s Republic of China which, for the purpose of this joint announcement, shall exclude Hong Kong, Macau Special Administrative Regions of PRC and Taiwan
“Quam Capital”	Quam Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and the financial adviser to the Offeror in respect of the Offer
“Quam Securities”	Quam Securities Company Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“Sale and Purchase Agreement”	the sale and purchase agreement dated 29 December 2011 entered into among the Offeror, the First Vendor (also as the Guarantor) and the Second Vendor in relation to the sale and purchase of the Sale Shares
“Sale Shares”	an aggregate of 420,000,000 Shares (which are beneficially owned by (i) the First Vendor as to 114,000,000 Shares; and (ii) the Second Vendor as to 306,000,000 Shares), representing in aggregate, 70.0% of the entire issued share capital of the Company as at the date of this joint announcement and immediately before the Completion, and each a “Sale Share”
“Second Vendor”	Excel Score Limited, a company incorporated in the BVI with limited liability and the entire issued share capital of which is legally and beneficially owned by the First Vendor
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company

“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendors”	the First Vendor and the Second Vendor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

For and on behalf of  
**Happy On Holdings Limited**  
**Chan Foo Wing**  
*Sole Director*

By order of the Board of  
**FlexSystem Holdings Limited**  
**Lau Wai Shu**  
*Chairman*

Hong Kong, 6 January 2012

*At the date of this joint announcement, the Company’s executive Directors are Mr. Lau Wai Shu and Mr. Sit Hon Cheong and the Company’s independent non-executive Directors are Mr. Lung Hung Cheuk, Ms. Yeung Wing Yan, Wendy and Mr. Yip Tai Him.*

*As at the date of this joint announcement, the sole director of the Offeror is Mr. Chan Foo Wing.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group, the Vendors and parties acting in concert with it), and confirm, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*This joint announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from its date of posting and on the Company’s website at <http://ir.sinodelta.com.hk/8050/>.*