
DEFINITIONS

In this prospectus, unless the context otherwise requires, the following words and expressions have the following meanings:

“Active Business Pursuit Period”	the two years ended 31st March, 2000 and the remaining period up to the Latest Practicable Date
“AMS/3”	the third generation of Automatic Order Matching & Execution System to be provided by the Stock Exchange
“associate(s)”	has the meaning as defined in the GEM Listing Rules
“Beijing Winner”	北京萬能軟件有限公司北京分公司 (Beijing Branch Office of Beijing Winner Software Company Limited)*, a private company independent of the Company and engaged in the development and distribution of accounting software products in the PRC
“BVI”	British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by Hongkong Clearing
“Citrix”	Citrix Systems Inc., an application server software developer whose shares are listed on the Nasdaq National Market and is independent of the Company
“Companies Law”	the Companies Law (2000 Revision) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	FlexSystem Holdings Limited, a company incorporated in the Cayman Islands with limited liability on 8th May, 2000
“Director(s)”	the director(s) of the Company
“DTCF” or “Co-Sponsor”	Deloitte & Touche Corporate Finance Limited, an investment adviser and a dealer registered under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong), a GEM approved sponsor and the co-sponsor of the Placing
“Existing Shareholders”	shareholders of the Company immediately before the Placing
“FlexAccount products”	a portfolio of enterprise software developed and marketed by the Group under the brandname of “FlexAccount”
“FlexAccount Data Center”	the ASP services offered by the Group, details of which are set out in the section headed “Business” in this prospectus
“FlexAccount Distribution and Logistics System”	one of the enterprise software products offered by the Group, details of which are set out in the section headed “Business” in this prospectus

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“FlexAccount Financial Information ON-line” or “FION”	one of the enterprise software products offered by the Group, details of which are set out in the section headed “Business” in this prospectus
“FlexAccount Financial Management System”	one of the enterprise software products offered by the Group, details of which are set out in the section headed “Business” in this prospectus
“FlexAccount Garment Trading/Manufacturing System”	one of the enterprise software products offered by the Group, details of which are set out in the section headed “Business” in this prospectus
“FlexAccount MFG System”	one of the enterprise software products offered by the Group, details of which are set out in the section headed “Business” in this prospectus
“FlexAccount On-line Point-Of-Sales System”	one of the enterprise software products offered by the Group, details of which are set out in the section headed “Business” in this prospectus
“FlexAccount Payroll & MPF System”	one of the enterprise software products offered by the Group, details of which are set out in the section headed “Business” in this prospectus
“FlexAccount Property Management System”	one of the enterprise software products offered by the Group, details of which are set out in the section headed “Business” in this prospectus
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Committee”	the listing committee of the board of the Stock Exchange with responsibility for GEM
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“GEM website”	the website of GEM located at http://www.hkgem.com
“Group”	the Company and its subsidiaries or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the present subsidiaries of the Company or the business operated by such subsidiaries or (as the case may be) their predecessors
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hongkong Clearing”	Hong Kong Securities Clearing Company Limited
“Huamei Software”	常熟市經濟開發集團有限公司華美電腦軟件分公司 (Changshu Economic Development Group Huamei Computer Software Co. Ltd.)*, a private company independent of the Company and engaged in the development and distribution of software products in the PRC

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“IDC”	International Data Corporation, an international market research firm
“Initial Management Shareholders”	SHI, Mr. Lok, Mr. So Yiu King, Mr. Chow Chi Ming, Daniel, Mr. Tam Wing Yuen and Mr. Leung Wai Cheung
“Issue Price”	the price per Placing Share (exclusive of brokerage and the Stock Exchange transaction levy) at which the Shares are to be subscribed and issued pursuant to the Placing, to be determined as described in the section headed “Structure and conditions of the Placing” in this prospectus
“JETRO”	Japan External Trade Organisation, a non-profit Japanese government supported trade promotion organisation assisting overseas companies to export products and/or services to Japan
“Latest Practicable Date”	10th July, 2000, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
“Listing Date”	the date on which dealings of the Shares commence on GEM
“Lixin Technology”	立信科技計算機網絡公司 (Lixin Technology Computer Networking Co., Ltd.)*, a private company, independent of the Company, engaged in the development and distribution of software products and related services in the PRC
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the stock market operated by the Stock Exchange which excludes GEM and the options market
“Microsoft”	Microsoft Corp., a company whose shares are listed on the Nasdaq National Market, is a world leader in personal and business software industry and is independent of the Company
“MPF”	Mandatory Provident Fund
“Mr. Lok”	Mr. Lok Wai Man, a Director
“Mrs. Lok”	Madam Liu Ka Po, the wife of Mr. Lok
“Netscape”	Netscape Communications Corporation, a company whose shares are listed on the Nasdaq National Market, is engaged in the provision of client and server software, development tools and commercial applications and is independent of the Company
“NSTC”	國家科學技術委員會 (National Science and Technology Committee)*, a government body responsible for evaluation and promotion of commercial application of results of technology research in the PRC

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“Original Share Option Scheme”	the share option scheme conditionally adopted by the Company on 10th July, 2000
“Over-allotment Option”	the option granted by the Company to Vickers pursuant to which the Company may be required to allot and issue up to an aggregate of 18,000,000 additional Shares, representing 15% of the number of the Placing Shares initially available under the Placing, at the Issue Price to cover over-allocations in the Placing
“Over-allotment Shares”	up to an aggregate of 18,000,000 new Shares which may be allotted and issued by the Company pursuant to the exercise of the Over-allotment Option
“Placing”	the conditional placing of the Placing Shares for cash at the Issue Price with professional, institutional and other investors and certain full time employees of the Group by the Underwriters on behalf of the Company on and subject to the terms and conditions contained in the Underwriting Agreement as described in the section headed “Underwriting” in this prospectus and the placing letters relating thereto
“Placing Share(s)”	the 120,000,000 new Shares initially being offered under the Placing as described in the section headed “Structure and conditions of the Placing” in this prospectus
“Price Determination Agreement”	the agreement to be entered into between the Company and Vickers (for itself and on behalf of the Underwriters) for determining the Issue Price
“Price Determination Date”	the date, expected to be on or about 19th July, 2000, or on a date which is not later than 21st July, 2000, on which the Issue Price will be fixed for the purpose of the Placing
“PRC” or “China”	the People’s Republic of China, which for the purposes of this prospectus excludes Hong Kong, Macau and Taiwan
“PRC government”	the central government of the PRC, including provincial, municipal and other regional or local government entities and political sub-divisions thereof
“Relevant Securities”	has the meaning ascribed thereto under Rule 13.15 of the GEM Listing Rules
“SCSTDC”	上海計算機軟件技術開發中心 (Shanghai Computing Software Technology Development Centre)*, a quasi-governmental organ under the hierarchy of 科學技術委員會 (Science and Technology Committee)* which is responsible for the management of software companies and the regulation of the software industry in Shanghai
“SDI Ordinance”	the Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong)

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“Shanghai Haitian”	上海海天信息系統工程有限公司 (Shanghai Haitian Information System Engineering Co., Ltd.)* a company under the supervision of 上海大學科技園區 (Shanghai University Hi-Tech Park)*, which is independent of the Company and is principally engaged in the development and distribution of software products and the provision of related services in the PRC
“Shanghai Municipal Finance Bureau”	上海市財政局會計事務管理處 (Accounting Affairs Administrative Unit of the Shanghai Municipal Finance Bureau)*, a government unit responsible for evaluation and approval of accounting and finance software products, establishment and interpretation of accounting standards and training of accounting professionals in Shanghai
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Share Option Scheme”	the share option scheme conditionally adopted by the Company on 15th July, 2000, which substituted the Original Share Option Scheme, the principal terms of which are summarised in the paragraph headed “Share Option Scheme” in Appendix IV to this prospectus
“SHI”	SomaFlex Holdings Inc., the ultimate holding company of the Group, being a company incorporated in the BVI and controlled by Mr. Lok
“SiTech”	海南國家技術有限公司 (SiTech Hainan Co., Ltd.)*, a private company independent of the Company and engaged in the development of e-commerce solutions in the PRC
“SMEs”	small to medium sized enterprises
“Soma*AI”	Software Object Model Associates*Application Interface, a proprietary Internet enabling technology developed by the Group
“SSBA”	上海市軟件行業協會 (Shanghai Software Business Association)*, a quasi-governmental organ which is responsible for the evaluation, regulation and registration of computer software in Shanghai
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Underwriters”	Vickers and Indosuez W.I. Carr Securities Limited
“Underwriting Agreement”	the placing and underwriting agreement dated 17th July, 2000 in respect of the underwriting of the Placing Shares made between the Company, the executive Directors, SHI, Vandome, DTCF and the Underwriters, details of which are set out in the section headed “Underwriting” in this prospectus
“US”	the United States of America

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“Vandome”	Vandome Investments Limited, a company incorporated in the BVI and beneficially and wholly owned by those persons who, as at 31st March, 2000, were partners of Deloitte Touche Tohmatsu, Hong Kong. The principal business of Vandome is investment holding
“Vickers” or “Sponsor”	Vickers Ballas Capital Limited, an investment adviser registered under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong), a GEM approved sponsor and the sponsor to the Placing
“HK\$” and “cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the US
“%”	per cent.
“sq.ft.”	square feet
“sq.m.”	square meters

In this prospectus, unless otherwise specifically provided, amounts in RMB have been translated into HK dollars at the rate of HK\$1 to RMB1.07 and amounts in US dollars have been translated into HK dollars at the rate of HK\$7.75 to US\$1. Such translation is for the purpose of indication and reference purposes only and should not be construed as any representation that the RMB amounts, the US dollar amounts or the HK dollar amounts have been, could have been or could be converted into RMB, US dollars and HK dollars, as the case may be, at the above rates or at all.

** The English name of a company or organisation appearing herein in brackets is not the official English translation of its Chinese official name but is set out for reference only.*