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**FlexSystem Holdings Limited**  
(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 8050)

**PROPOSED PLACING OF NEW SHARES  
AND  
PROPOSED PLACING OF NON-LISTED WARRANTS,  
BOTH UNDER GENERAL MANDATE  
AND  
RESUMPTION OF TRADING**

**Placing agent**

**QUAM SECURITIES COMPANY LIMITED**



**PROPOSED SHARE PLACING**

The Directors are pleased to announce that on 28 March 2012, the Company has entered into the Share Placing Agreement with the Placing Agent. Pursuant to the Share Placing Agreement, the Company has appointed the Placing Agent as its agent to procure not less than six Share Placees on a best effort basis to subscribe for up to a maximum of 30,000,000 Placing Shares at the Share Placing Price of HK\$0.27 per Placing Share.

Pursuant to the Share Placing Agreement, the Share Placing is conditional upon, among other things, the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares.

**PROPOSED WARRANT PLACING**

The Directors are also pleased to announce that on 28 March 2012, the Company and the Placing Agent have entered into the Warrant Placing Agreement whereby the Company has appointed the Placing Agent to the exclusion of all others during the term of the Warrant Placing Agreement as its agent to procure not less than six Warrant Placees on a best effort basis to subscribe for up to a maximum of 90,000,000 Warrants at the Warrant Issue Price of HK\$0.02 per Warrant.

The Warrants entitle the Warrant Placees to subscribe for a maximum of 90,000,000 Warrant Shares at an initial price of HK\$0.35 per Warrant Share (subject to adjustments) at any time for a period of 5 years immediately after the date of the issue of the Warrants. Each Warrant carries the right to subscribe for one Warrant Share.

Pursuant to the Warrant Placing Agreement, the Warrant Placing is conditional upon, among other things, the Stock Exchange granting approval for the listing of, and permission to deal in, the Warrant Shares to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

The gross proceeds and the net proceeds from the Share Placing will be approximately HK\$8,100,000 and HK\$7,917,750 respectively, while the gross proceeds and the net proceeds from the Warrant Placing will be HK\$1,800,000 and HK\$1,759,500 respectively. It is intended that the net proceeds from the Share Placing and the Warrant Placing of approximately HK\$7,917,750 and HK\$1,759,500 respectively and any additional proceeds from the issue of the Warrant Shares upon the exercise of the subscription rights attaching to the Warrants in future up to a maximum amount of HK\$31,500,000 will be applied as general working capital of the Group.

The Placing Shares and the Warrant Shares to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants will be issued under the General Mandate.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares and the Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants.

## **GENERAL**

**Shareholders and potential investors should note that the Share Placing and the Warrant Placing are subject to conditions to be fulfilled.**

**As the Share Placing and the Warrant Placing may or may not complete, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on GEM has been suspended from 9:00 a.m. on 28 March 2012 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 29 March 2012.

## **SHARE PLACING**

The Directors are pleased to announce that on 28 March 2012, the Company entered into the Share Placing Agreement with the Placing Agent. Pursuant to the Share Placing Agreement, the Company appointed the Placing Agent as its agent to procure not less than six Share Placees on a best effort basis to subscribe for up to a maximum of 30,000,000 Placing Shares at the Placing Price of HK\$0.27 per Placing Share.

## SHARE PLACING AGREEMENT

Set out below is a summary of the principal terms of the Share Placing Agreement:

Date: 28 March 2012.

Parties: (i) The Company; and  
(ii) The Placing Agent.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Placing Agent is an Independent Third Party.

Share Placees: Not less than six independent Share Placees (which will be independent institutional, corporate or individual investors), who and whose ultimate beneficial owner(s) (i) is a party independent of and not connected with, and is not acting in concert (as defined in the Takeovers Codes) with the Company and its connected persons; and (ii) immediately after the Share Placing, none of the Share Placees will become a substantial shareholder of the Company.

Placing Shares: The Placing Shares represent (i) approximately 5% of the existing issued share capital of the Company; (ii) approximately 4.76% of the issued share capital of the Company as enlarged by the Share Placing; and (iii) approximately 4.17% of the issued share capital of the Company as enlarged by the Share Placing and issue of the Warrant Shares upon the exercise of the subscription rights in full attaching to the Warrants.

The Placing Shares will be allotted and issued under the General Mandate and when issued and fully paid up, shall rank *pari passu* in all respects *inter se* with all other Shares then in issue.

Share Placing Price: The Share Placing Price of HK\$0.27 represents (i) a discount of about 6.90% to the closing price of HK\$0.29 per Shares as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of about 14.29% to the average of the closing price per Share of HK\$0.315 as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Date; and (iii) a discount of about 17.30% to the average of the closing price per Share of HK\$0.3265 as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Date.

The Share Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent with reference to the recent market prices, the performance of the Shares and the current market conditions. The Board is of the opinion that the Share Placing Price are fair and reasonable, on normal commercial terms, and are in the interests of the Company and its Shareholders as a whole.

The net price raise per Placing Share under the Share Placing will be approximately HK\$0.264 per Placing Share. The aggregate nominal value of the Placing Shares under the Share Placing is approximately HK\$3,000,000.

Conditions: Completion of the Share Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment and/or despatch of certificates for the Placing Shares) the listing of, and permission to deal in all of the Placing Shares; and
- (ii) any other approval as may be required for the Placing.

Completion of the Share Placing will take place on the second business day next following the satisfaction of all the conditions as set out above ("**SP Conditions**") (exclusive of the date of satisfaction of all the SP Conditions) (the "**SP Completion Date**") but not later than 30 April 2012 or such later date as may be agreed between the Company and the Placing Agent (the "**SP Long Stop Date**"). If the SP Conditions are not fulfilled by the SP Long Stop Date, the Share Placing will lapse and the obligations and liabilities of the Company and the Placing Agent under the Share Placing shall be null and void and the Company and the Placing Agent shall be released from all rights and obligations pursuant to the Share Placing save for any antecedent breaches of the Share Placing Agreement.

Termination for the  
Share Placing:

If any of the following events occurs at any time prior to 10:00 a.m. on the SP Completion Date, the Placing Agent may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, at any time prior to the SP Completion Date, rescind the Share Placing Agreement without liability to the other party to the Share Placing Agreement and, subject to certain general provisions thereto, the Share Placing Agreement shall thereupon cease to have effect and none of the parties to the Share Placing Agreement shall have any rights or claims by reason thereof, save for any antecedent breaches:

- (a) in the reasonable opinion of the Placing Agent there shall have been since the date of the Share Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Share Placing; or
- (b) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (c) any material breach of any of the representations and warranties made by the Company in the Share Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Share Placing Agreement and prior to the SP Completion Date which if it had occurred or arisen before the date of the Share Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Share Placing Agreement; or
- (d) there is any adverse change in the financial position of the Company which in the opinion of the Placing Agent is material in the context of the Share Placing.

Completion of the Share  
Placing:

Subject to the fulfillment of the SP Conditions, completion of the Share Placing will take place on the SP Completion Date.

Listing:

Application will be made to the Stock Exchange to grant the listing of, and permission to deal in, the Placing Shares.

Share placing fee: Upon completion of the Share Placing, the Company undertakes to pay the Placing Agent a commission of 2.25% of the aggregate amount equal to the Share Placing Price multiplied by the actual number of Placing Shares being placed by the Placing Agent upon receipt of funds.

## **WARRANT PLACING**

The Directors are also pleased to announce that on 28 March 2012, the Company and the Placing Agent entered into the Warrant Placing Agreement whereby the Company appointed the Placing Agent to the exclusion of all others during the term of the Warrant Placing Agreement as its agent to procure not less than six Warrant Placees on a best effort basis to subscribe for up to a maximum of 90,000,000 Warrants at the Warrant Issue Price of HK\$0.02 per Warrant.

## **WARRANT PLACING AGREEMENT**

Set out below is a summary of the principal terms on the Warrant Placing Agreement:

Date: 28 March 2012.

Parties: (i) The Company; and  
(ii) The Placing Agent.

Subject to the terms and conditions of the Warrant Placing Agreement, the Company agreed to grant the Warrants and the Placing Agent agreed to act as agent of the Company (either by itself or through its sub-placing agents) to procure on a best effort basis Warrant Placees to subscribe for the Warrant at the Warrant Issue Price.

Warrant Placees: The Warrants will be placed with not less than six Warrant Placees, who will be institutional, corporate and/or individual investors. The Placing Agent will use its best endeavor to ensure that (i) each of the Warrant Placees and/or their respective ultimate beneficial owner(s) is a party independent of and not connected with, and is not acting in concert (as defined under the Takeovers Codes) with the Company and its connected persons during the period from the date of the Warrant Placing Agreement up to the WP Completion Date (as defined below); and (ii) immediately upon the exercise of the subscription rights attached to the Warrants, none of the Warrant Placees will become a substantial shareholder of the Company.

- Conditions: Completion of the Warrant Placing is conditional upon:
- (i) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in all of the Warrant Shares either unconditionally or subject to conditions to which neither the Company nor the Placing Agent shall reasonably object and the satisfaction of such conditions; and
  - (ii) any other approval as may be required for the Warrant Placing.

If the above conditions (the “**WP Conditions**”) are not fulfilled on or before 30 April 2012 (or such later date as may be agreed between the Company and the Placing Agent), the Warrant Placing will lapse and the obligations and liabilities of the Company and the Placing Agent under the Warrant Placing Agreement shall be null and void and the Company and the Placing Agent shall be released from all rights and obligations pursuant to the Warrant Placing save for any antecedent breaches.

Completion: Subject to the fulfillment of the WP Conditions, completion shall take place on the second business day next following the satisfaction of all the WP Conditions (exclusive of the date of satisfaction of all the WP Conditions) or such other date as the Company and the Placing Agent may agree (“**WP Completion Date**”).

Rescission: If any of the following events occurs at any time prior to 10:00 a.m. on the WP Completion Date, the Placing Agent may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, at any time prior to the WP Completion Date rescind the Warrant Placing Agreement without liability to the other party to the Warrant Placing Agreement and, subject to certain general provisions thereto, the Warrant Placing Agreement shall thereupon cease to have effect and none of the parties to the Warrant Placing Agreement shall have any rights or claims by reason thereof (save for any antecedent breaches):

- (a) in the reasonable opinion of the Placing Agent there shall have been since the date of the Warrant Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Warrant Placing; or

- (b) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (c) any material breach of any of the representations and warranties made by the Company in the Warrant Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Warrant Placing Agreement and prior to the WP Completion Date which if it had occurred or arisen before the date of the Warrant Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Warrant Placing Agreement; or
- (d) there is any adverse change in the financial position of the Company which in the opinion of the Placing Agent is material in the context of the Warrant Placing.

## **PRINCIPAL TERMS OF THE WARRANTS**

Number of Warrants:	90,000,000 Warrants, which will rank pari passu in all respects among themselves.
Warrant Issue Price:	HK\$0.02 per Warrant. The aggregate Warrant Issue Price will be HK\$1,800,000.
Number of Warrant Shares issuable upon full exercise:	Upon full exercise of the subscription rights attached to the Warrants (assuming that there will be no further changes in the issued share capital of the Company prior to such exercise and no adjustment to the subscription price of the Warrants), 90,000,000 Warrant Shares will be issued which represent (i) approximately 15% of the Company's existing issued share capital; (ii) approximately 13.04% of the Company's issued share capital as enlarged by the issue of the Warrant Shares upon the exercise of the subscription rights in full attaching to the Warrants; and (iii) approximately 12.50% of the issued share capital of the Company as enlarged by the issue of the Warrant Shares upon the exercise of the subscription rights in full attaching to the Warrants and Share Placing.

Subscription price and right:

Each Warrant will carry the right to subscribe for one Warrant Share at the initial price of HK\$0.35 (the “**Initial Subscription Price**”) per Warrant Share, subject to adjustments for, among others, alteration of nominal amount of each Share by reason of any consolidation or subdivision, issue of Shares by capitalisation of profits or reserves, capital distribution to Shareholders, grant to Shareholders of rights to acquire for cash assets of the Company or any of its subsidiaries, offer by the Company to Shareholders of new Shares for subscription by way of rights, or grant of options or warrants to subscribe for new Shares at a price which is less than 40% of the then market price, issue wholly for cash being made by the Company or any of its subsidiaries of securities convertible into or exchangeable for or carrying rights of subscription for new Shares (if in any case the total effective consideration per new Share initially receivable for such securities is less than 80% of the then market price, or the conversion, exchange or subscription rights of any such issue are altered so that the said total effective consideration is less than 80% of such market price) and issue of Shares wholly for cash at a price of less than 80% of the then market price. Every adjustment to the subscription price of the Warrants will be certified by the auditors of the Company or an approved merchant bank.

The Initial Subscription Price and the Warrant Issue Price (in aggregate and being HK\$0.37) represents:

- (i) a premium of approximately 27.59% over the closing price of HK\$0.29 per Share as quoted on the Stock Exchange on the Last Trading Date; and
- (ii) a premium of approximately 17.46% over the average closing price of HK\$0.315 per Share as quoted on the Stock Exchange for the last 5 trading days of the Shares up to and including the Last Trading Date; and
- (iii) a premium of approximately 13.32% over the average closing price of HK\$0.3265 per Share as quoted on the Stock Exchange for the last 10 trading days of the Shares up to and including the Last Trading Date.

Both the Warrant Issue Price and the Initial Subscription Price were determined after arm’s length negotiations between the Company and the Placing Agent with reference to the recent market prices, the performance of the Shares and the current market conditions. The Board is of the opinion that the Initial Subscription Price and the aggregate of it with the Warrant Issue Price are fair, reasonable and in the best interest of the Company and its Shareholders as a whole.

Subscription restriction:	Holder(s) of the Warrants shall not be entitled to exercise the whole or part of the subscription rights under the Warrant(s) to the extent that immediately after such exercise, the relevant holder together with parties acting in concert with it (as defined under the Takeovers Codes), taken together, will, directly or indirectly, control or be interested in 30% or more of the voting rights of the Company (or in such percentage as may from time to time be specified in the Takeovers Codes being the level for triggering a mandatory general offer) or otherwise, a general offer shall be given in accordance with the requirement of the Takeovers Codes or where applicable, waiver from the shareholders of the Company is obtained in accordance with the Takeovers Codes. Further, holders of Warrant shall not have the right to exercise the whole or part of the subscription rights under the Warrant(s) to the extent that immediately after such exercise, there will not be sufficient public float of the Shares as required under the GEM Listing Rules.
Exercise period:	5 years commencing from the date immediately after the date of the issue of the Warrants.
Transferability:	The Warrants are transferable in integral multiples of 100,000 Warrants provided that (i) no assignment of the Warrants shall be made unless the proposed transferee has provided the Company with a written confirmation of independence; and (ii) no transfer of Warrants to connected persons shall be allowed without the prior approval of the Company and the Stock Exchange.
Listing:	No application will be made for the listing of the Warrants on the Stock Exchange or any other exchange, but application will be made for the listing of, and permission to deal in, Warrant Shares on the Stock Exchange.
Ranking of the Warrant Shares:	The Warrant Shares, when issued and fully paid up, shall rank pari passu in all respects inter se with the Shares then in issue at the time of when the subscription rights attached to the Warrant(s) concerned are duly exercised.
Fractional entitlements:	Upon exercise of the subscription rights under the Warrants, no fraction of a Share will be allotted but any balance representing fractions of the subscription moneys paid on exercise of the subscription rights represented by the relevant Warrant will be refunded by the Company to the relevant holder of Warrants.

Call:	If at any time Warrants which have not been exercised carry rights to subscribe less than 10% in value of all subscription rights, the Company may, on giving not less than 3 months' notice, require holders of the Warrants either to exercise their subscription rights or to allow them to lapse. On expiry of such notice, all unexercised Warrants will be automatically cancelled without compensation to holders of such Warrants.
Dividend or other distribution entitlement:	Holders of the Warrants shall not be entitled to receive any dividend or other distribution in respect of the financial year ended 31 March 2011 as may be announced by the Company prior to the exercise period as referred to hereinabove.
Warrant placing commission:	The Company shall, on the WP Completion Date, pay to the Placing Agent in respect of the Warrant Placing a commission of 2.25% of the aggregate amount equal the Warrant Issue Price multiplied by the aggregate sum of the Warrants being placed by the Placing Agent upon receipt of funds.

## **REASONS FOR AND BENEFIT OF THE SHARE PLACING AND THE WARRANT PLACING AND USE OF PROCEEDS**

It was considered the timing of fund raising by the Share Placing and Warrant Placing is appropriate as the recent stock market has shown strong sentiment and the Share Placing and Warrant Placing will be attractive to the potential investors. Although the Share Placing and Warrant Placing are on a best effort basis and there is no investment opportunities identified, the successful completion of the Share Placing and Warrant Placing shall give the opportunity to the Company to broaden its shareholder and capital base and provide immediately available funding to the Company to capture suitable investment opportunities when they are identified. Notwithstanding that the Share Placing and Warrant Placing will result in the dilution of the existing shareholding interest of the Shareholders, the Share Placing and Warrant Placing represent an opportunity to raise additional capital for the Company to enhance its general working capital base.

The gross proceeds and the net proceeds from the Share Placing will be approximately HK\$8,100,000 and HK\$7,917,750 respectively, while the gross proceeds and the net proceeds from the Warrant Placing will be HK\$1,800,000 and HK\$1,759,500 respectively. It is intended that the net proceeds from the Share Placing and the Warrant Placing of approximately HK\$7,917,750 and HK\$1,759,500 respectively and any additional proceeds from the issue of the Warrant Shares upon the exercise of the subscription rights attaching to the Warrants in future up to a maximum amount of HK\$31,500,000 will be applied as general working capital of the Group.

The net price raise per Placing Share under the Share Placing will be approximately HK\$0.264 per Placing Share. The net price to the Company of each Warrant, which is calculated by dividing the aggregate net proceeds from the Warrant Placing and the exercise of the subscription right attaching to the Warrants by the total number of the Warrant, is approximately HK\$0.370.

The Directors consider that the Share Placing Agreement and the Warrant Placing Agreement were entered into on normal commercial terms after arm's length negotiation between the Company and the Placing Agent with reference to the recent market prices, the performance of the Shares and the current market conditions. The Board considers that the terms of (i) the Share Placing and the Share Placing Agreement (including the share placing commission) and (ii) the Warrant Placing and the Warrant Placing Agreement (including the warrant placing commission), are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

## MANDATE TO ISSUE PLACING SHARES AND WARRANT SHARES

The Placing Shares and the Warrant Shares will be issued pursuant to the General Mandate. Immediately prior to entering into the Share Placing Agreement and Warrant Placing Agreement, the General Mandate had not been utilised and thus the maximum number of new Shares which could be issued under the General Mandate was 120,000,000 Shares (not exceeding 20% of the total nominal value of the share capital of the Company in issue as at the date of AGM). Accordingly, the issue of the Placing Shares and the Warrant Shares is not subject to any Shareholders' approval.

## EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

The Company has not carried out any fund raising activities during the 12 months immediately preceding the date of this announcement.

## EFFECT ON SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 600,000,000 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the completion of Share Placing but before the exercise of the subscription rights in full attaching to the Warrants and (iii) immediately after completion of the Share Placing and the exercise of the subscription rights in full attaching to the Warrants (assuming that there will be no further changes in the issued share capital of the Company prior to such exercise and no adjustment to the subscription price of the Warrants) are as follows:

	Existing shareholdings (as at the date of announcement)		Immediately after completion of the Share Placing but before the exercise of the subscription rights in full attaching to the Warrants		Immediately after completion of the Share Placing and the exercise of the subscription rights in full attaching to the Warrants	
	No. of Shares	(approximately) %	No. of Shares	(approximately) %	No. of Shares	(approximately) %
Happy On Holdings Limited (Note)	420,002,000	70.00	420,002,000	66.67	420,002,000	58.33
<b>Public</b>						
Share Placees	-	-	30,000,000	4.76	30,000,000	4.17
Warrant Placees	-	-	-	-	90,000,000	12.50
Other Public	179,998,000	30.00	179,998,000	28.57	179,998,000	25.00
Sub-total	179,998,000	30.00	209,998,000	33.33	299,998,000	41.67
Total	600,000,000	100.00	630,000,000	100.00	720,000,000	100.00

*Note:* The entire issued share capital of Happy On Holdings Limited is beneficially owned by Mr. Chan Foo Wing.

## **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to Rule 21.02(1) of GEM the Listing Rules, the Warrant Shares to be issued on exercise of the Warrants must not, when aggregated with all other equity securities remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued share capital of the Company at the time the Warrants are issued. Options granted under share option schemes which comply with Chapter 23 of the GEM Listing Rules are excluded for the purpose of such limit. As at the date of this announcement, there are no other securities with subscription rights outstanding and not yet exercised. Assuming full exercise of the subscription rights attaching to the Warrants, 90,000,000 Warrant Shares will be issued, representing (i) approximately 15% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 13.04% of the issued share capital of the Company as enlarged by the allotment and issue of all of the Warrant Shares under the Warrants, assuming no Shares are further issued or repurchased and no adjustment to the subscription price of the Warrants. Accordingly, the issue of the Warrants is in compliance with Rule 21.02(1) of the GEM Listing Rules.

## **GENERAL**

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

**Shareholders and potential investors should note that the Share Placing and the Warrant Placing are subject to conditions to be fulfilled.**

**As the Share Placing and the Warrant Placing may or may not complete, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on GEM has been suspended from 9:00 a.m. on 28 March 2012 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 29 March 2012.

## **DEFINITIONS**

“AGM”	the annual general meeting of the Company held on 1 August 2011
“associates”	has the meaning given to that term in the GEM Listing Rules
“Board”	the board of Directors

“business day”	any day (other than Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
“Company”	FlexSystem Holdings Limited, a company incorporated in Cayman Islands with limited liability and the shares of which are listed on GEM
“connected person(s)”	has the meaning given to that term in the GEM Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM on 1 August 2011 subject to the limit up to 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the AGM
“Independent Third Party (Parties)”	independent third party (parties) not connected with the chief executive, the directors, substantial shareholders of the Company or any of its subsidiaries or their respective associate
“Last Trading Date”	27 March 2012, being last trading day immediately prior to the date of the Share Placing Agreement and the Warrant Placing Agreement
“Placee(s)”	Share Placees and/or Warrant Placees
“Placing Agent”	Quam Securities Company Limited, a corporation licensed by the Securities and Futures Commission of Hong Kong 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Shares”	up to a maximum of 30,000,000 new Shares to be placed through the Placing Agent pursuant to the Share Placing Agreement
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Shares
“Share Placees”	placees under the Share Placing
“Share Placing”	the placing of 30,000,000 new Shares under the General Mandate pursuant to the terms of the Share Placing Agreement
“Share Placing Agreement”	a conditional placing agreement dated 28 March 2012 entered into between the Company and the Placing Agent in relation to the Share Placing
“Share Placing Price”	HK\$0.27 per Placing Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning given to that term in the GEM Listing Rules
“Takeovers Codes”	the Codes on Takeovers and Mergers and Share Repurchases of Hong Kong
“Warrant(s)”	up to a maximum of 90,000,000 new non-listed transferable warrants to be issued by the Company at the Warrant Issue Price per Warrant, in registered form, conferring rights to the holders thereof to subscribe for one Warrant Share at an initial price of HK\$0.35 (subject to adjustments) at any time for a period of 5 years immediately after the date of the issue of each Warrant
“Warrant Issue Price”	HK\$0.02 per Warrant
“Warrant Instrument”	an instrument to be executed by the Company by way of a deed poll constituting the Warrants substantially in the form set out in the schedule of the Warrant Placing Agreement (subject to such amendments as the Placing Agent and the Company may reasonably agree), together with the schedules (as from time to time altered in accordance with the Warrant Instrument) and any other document executed in accordance with the Warrant Instrument (as from time to time so altered) and expressed to be supplemental to the Warrant Instrument
“Warrant Placees”	placees under the Warrant Placing
“Warrant Placing”	placing of the Warrants at the Warrant Issue Price pursuant to the Warrant Placing Agreement and the terms and conditions to the Warrant Instrument

“Warrant Placing Agreement”	the conditional placing agreement dated 28 March 2012 and entered into between the Company and the Placing Agent in relation to the Warrant Placing
“Warrant Share(s)”	up to a maximum of 90,000,000 Shares to be allotted and issued by the Company under the General Mandate upon the exercise by the holder of the Warrants of the subscription rights attached to the Warrants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board  
**FlexSystem Holdings Limited**  
**Yau Hoi Kin**  
*Director*

Hong Kong, 28 March 2012

*As at the date of this announcement, the Company’s executive directors are Mr. Yau Hoi Kin, Mr. Kwong Wai Ho Richard and Dr. Huang Youmin and the Company’s independent non-executive directors are Dr. Chow Ka Ming, Jimmy, Mr. Liu Zhiquan and Dr. Wong Wing Lit.*

*This announcement, for which the directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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 “Latest Company Announcements” page of the Growth Enterprise Market website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting and on the Company’s website at <http://flexsystem8050.vicp.net>.*