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FlexSystem Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8050)

LAPSE OF SHARE PLACING AGREEMENT AND WARRANT PLACING AGREEMENT

Reference is made to the announcement of the Company dated 28 March 2012 regarding, *inter alia*, the Share Placing and the Warrant Placing under General Mandate. The Directors announce that the Share Placing and the Warrant Placing have lapsed on 1 May 2012 pursuant to the terms and conditions of the Share Placing Agreement and the Warrant Placing Agreement respectively.

Reference is made to the announcement of FlexSystem Holdings Limited (the “Company”) dated 28 March 2012 (the “Announcement”) in relation to, *inter alia*, (i) the placing of up to a maximum of 30,000,000 Placing Shares at the Share Placing Price of HK\$0.27 per Placing Share and (ii) the placing of up to a maximum of 90,000,000 Warrants at the Warrant Issue Price of HK\$0.02 per Warrant, on a best effort basis by the Placing Agent. Terms used herein shall have the same meanings as defined in the Announcement unless defined otherwise.

Under the respective Share Placing Agreement and the Warrant Placing Agreement, if the SP Conditions and the WP Conditions are not fulfilled on or before 30 April 2012 (“Long Stop Date”), the Share Placing and the Warrant Placing will lapse and the obligations and liabilities of the Company and the Placing Agent under the Share Placing Agreement and 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 Share Placing and the Warrant Placing save for any antecedent breaches.

As at the Long Stop Date, certain SP Conditions and WP Conditions are not fulfilled and the Share Placing Agreement and the Warrant Placing Agreement have lapsed on 1 May 2012.

The Directors are of the view that the lapse of the Share Placing Agreement and the Warrant Placing Agreement has no material adverse impact on the business operation and financial position of the Company.

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

Hong Kong, 1 May 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 for at least 7 days from the date of its posting and on the Company's website at <http://flexsystem8050.vicp.net>.