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- (1) OPEN OFFER OF NEW SHARES ON THE BASIS OF TWO OFFER SHARES FOR EVERY FIVE SHARES HELD ON THE RECORD DATE (WITH ONE WARRANT FOR EVERY FOUR OFFER SHARES TAKEN UP);**
- (2) CAPITAL REORGANISATION;**
- AND**
- (3) RESUMPTION OF TRADING**

Underwriter to the Open Offer



THE OPEN OFFER

The Company proposes to raise not less than approximately HK\$63.6 million (on the basis of the minimum number of Offer Shares) and not more than approximately HK\$66.8 million (on the basis of the maximum number of Offer Shares) before expenses by way of the Open Offer of not less than 636,000,000 Offer Shares and not more than 667,800,000 Offer Shares at a subscription price of HK\$0.10 per Offer Share.

The Company will allot two Offer Shares for every five Shares held to the Qualifying Shareholders on the Record Date. The Open Offer is not available to the Non-Qualifying Shareholders. The Warrants will be issued to the subscribers of the Offer Shares without additional cost in the proportion of one Warrant for every four Offer Shares taken up.

The subscription rights attaching to the Warrants may be exercised in whole or in part(s) within the Exercise Period at the exercise price of HK\$0.11 per Warrant Share (subject to adjustment). Based on the maximum number of Warrants that may be issued under the Open Offer, a maximum of 166,950,000 Warrant Shares may fall to be issued upon the exercise of the subscription rights attached to the Warrants, representing approximately 10.5% of the existing issued share capital of the Company and 6.7% of the issued share capital of the Company as enlarged by the issue of (i) 79,500,000 Shares upon full exercise of the Remaining Share Options; (ii) a maximum number of 667,800,000 Offer Shares; and (iii) a maximum of 166,950,000 Warrant Shares. Any subscription rights attaching to the Warrants which have not been exercised on or before the last day of the Exercise Period will lapse and the Warrants will cease to be valid for all purposes.

As at the date of this announcement, the Company has 92,000,000 Share Options outstanding entitling the holders thereof to subscribe for 92,000,000 Shares at various exercise prices of HK\$0.47 per Share, HK\$0.475 per Share, HK\$0.49 per Share and HK\$0.52 per Share (all subject to adjustments). Save for these, the Company has no other options, warrants or other securities convertible into or giving rights to subscribe for the Shares as at the date of this announcement.

As at the date of this announcement, Chi Capital is interested in 81,070,000 Shares, representing approximately 5.1% of the existing issued share capital of the Company. On 19 August 2008, Chi Capital irrevocably undertook to the Company that the Shares beneficially owned by it will not be disposed of from the date of the undertaking up to and including the Record Date and that it will take up its entitlement under the Open Offer in full, representing 32,428,000 Offer Shares. Mr. Wong has also irrevocably undertaken to the Company not to exercise any of the 12,500,000 Share Options granted to him on or before the Record Date.

Taking into account the undertakings from Chi Capital and Mr. Wong, the Underwriter has agreed to fully underwrite not more than 635,372,000 Offer Shares and not less than 603,572,000 Offer Shares at a subscription price of HK\$0.10 per Offer Share. The Underwriting Agreement provides that the Underwriter will be obliged to subscribe or procure subscribers for any Underwritten Shares not taken up by the Qualifying Shareholders.

The Directors are of the view that the Open Offer would help to improve the Group's financial position and liquidity and raise working capital to sustain the Group's business development. The estimated net proceeds of the Open Offer will fall between approximately HK\$60.4 million (on the basis of the minimum number of Offer Shares) and HK\$63.6 million (on the basis of the maximum number of Offer Shares). The Company plans to use the net proceeds principally for general working capital purposes.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES

The Open Offer is conditional upon, inter alia, the fulfillment of the conditions set out below under the section headed “Conditions of the Open Offer”. In addition, the Underwriter is entitled under the Underwriting Agreement to terminate the Underwriting Agreement on the occurrence of certain events, including but not limited to force majeure, as described below. The Open Offer is also subject to the Underwriter not terminating the Underwriting Agreement. Accordingly, the Open Offer may or may not proceed.

Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Open Offer are fulfilled will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares are advised to consult their own professional advisers.

Shareholders should note that, based on the expected timetable, the Shares will be dealt in on an ex-entitlement basis commencing from Friday, 5 September 2008 and that dealing in the Shares will take place even though the conditions under the Underwriting Agreement remain unfulfilled. Any Shareholder or other person dealing in the Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on Monday, 6 October 2008) will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed.

PROPOSED CAPITAL REORGANISATION

The Board proposes to put forward a proposal to the Shareholders to effect the Capital Reorganisation which involves:

- (i) reduction of the issued share capital of the Company by reducing the nominal value of each Share in issue from HK\$0.10 to HK\$0.01 and canceling paid-up capital to the extent of HK\$0.09 for each issued Share; and
- (ii) subdivision of each authorised but unissued Share into 10 Adjusted Shares of HK\$0.01 each.

The credit arising from the Capital Reduction shall be transferred to a distributable reserve account of the Company.

The Open Offer and the Capital Reorganisation are not inter-conditional. Based on the expected timetable for the Open Offer and the time taken to fulfill the conditions of the Capital Reorganisation, it is expected that the Capital Reorganisation will become effective after the completion of the Open Offer.

GENERAL

The Company will send the Prospectus Documents to the Qualifying Shareholders as soon as practicable. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but will NOT send any Application Form to the Non-Qualifying Shareholders.

A circular containing details of the Capital Reorganisation and a notice convening the EGM will be despatched to the Shareholders as soon as practicable.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 20 August 2008 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 27 August 2008.

THE OPEN OFFER

The Directors proposed to raise new capital for the Group by way of the Open Offer on the terms set out below.

Issue statistics

Basis of the assured allotment	: Two Offer Shares for every five Shares held on the Record Date (with one Warrant for every four Offer Shares taken up)
Number of Shares in issue	: 1,590,000,000 Shares as at the date of this announcement
Minimum number of Offer Shares (see Explanatory Note 1 below)	: 636,000,000 Offer Shares
Maximum number of Offer Shares (see Explanatory Note 2 below)	: 667,800,000 Offer Shares
Subscription price	: HK\$0.10 per Offer Share
Minimum number of Warrants	: 159,000,000 Warrants
Maximum number of Warrants	: 166,950,000 Warrants

Minimum enlarged issued share : 2,226,000,000 Shares
capital immediately upon
completion of the Open Offer
assuming no exercise of the
Remaining Share Options before
the Record Date

Maximum enlarged issued share : 2,337,300,000 Shares
capital immediately upon
completion of the Open Offer
assuming full exercise of the
Remaining Share Options before
the Record Date

Explanatory Notes:

- (1) *The minimum number of Offer Shares is arrived at assuming no new Shares will be issued after the date of this announcement and up to the Record Date.*
- (2) *As at the date of this announcement, the Company has 92,000,000 Share Options outstanding entitling the holders thereof to subscribe for 92,000,000 Shares at various exercise prices of HK\$0.47 per Share, HK\$0.475 per Share, HK\$0.49 per Share and HK\$0.52 per Share (all subject to adjustments). Save for these, the Company has no other options, warrants or other securities convertible into or giving rights to subscribe for the Shares as at the date of this announcement.*

Mr. Wong, who holds 12,500,000 Share Options, has irrevocably undertaken to the Company that he will not exercise any of his Share Options prior to the Record Date and that such Share Options will remain registered in the name of and beneficially owned by Mr. Wong from the date of such undertaking up to and including the Record Date. On this basis, the Remaining Share Options in respect of 79,500,000 Shares may be exercised on or prior to the Record Date.

The maximum number of Offer Shares is based on the 1,590,000,000 Shares in issue as at the date of this announcement and assuming exercise in full of the Remaining Share Options prior to the Record Date.

Qualifying Shareholders

To qualify for the Open Offer, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and must be a Qualifying Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant Share certificates) with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:00 p.m. on 8 September 2008.

The register of members of the Company will close from 9 September 2008 to 12 September 2008 (both dates inclusive). No transfer of Shares will be registered during this book closure period.

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but will NOT send any Application Form to the Non-Qualifying Shareholders.

The invitation to apply for Offer Shares will not be transferable and there will be no trading in nil-paid entitlements on the Stock Exchange and the Qualifying Shareholders will not be entitled to subscribe for any Offer Shares in excess of their respective assured allotments.

Subscription price

The subscription price for the Offer Shares is HK\$0.10 per Offer Share, payable in cash in full upon application. The subscription price represents:

- (i) a discount of approximately 9.1% to the closing price per Share of HK\$0.110 as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 10.7% to the average closing price per Share of HK\$0.112 for the 5 consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 12.3% to the average closing price per Share of HK\$0.114 for the 10 consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 6.5% to the theoretical ex-rights price of HK\$0.107 per Share calculated based on the closing price per Share as quoted on the Stock Exchange on the Last Trading Day.

The subscription price for the Offer Shares was determined after arm's length negotiations between the Company and the Underwriter with reference to the current market price of the Shares. As the Offer Shares are offered to all Qualifying Shareholders, the Directors would like to set the subscription price at a level that would attract the Qualifying Shareholders to participate in the Open Offer. The Directors (including independent non-executive Directors) consider the terms of the Open Offer, including the subscription price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Terms of the Warrants

Exercise price

The exercise price for the Warrant is HK\$0.11 per Warrant Share (subject to adjustments), which represents:

- (i) the same price as the closing price of HK\$0.110 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 1.8% to the average closing price of HK\$0.112 per Share for the 5 consecutive trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 3.5% to the average closing price of HK\$0.114 per Share for the 10 consecutive trading days up to and including the Last Trading Day.

The exercise price for the Warrants was determined with reference to the current market price of the Shares. The Directors (including the independent non-executive Directors) consider that the terms of the Warrants, including the exercise price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The exercise price for the Warrants is subject to usual anti-dilutive adjustments under certain circumstances, including consolidation or subdivision of Shares, capitalisation of profits or reserves or capital distribution. An announcement on such adjustment will be made as and when appropriate in accordance with the requirements of the Listing Rules.

Exercise Period

The subscription rights attaching to the Warrants may be exercised in whole or in part(s) within the period of 24 months from the date of issue of the Warrants. Based on the maximum number of Warrants that may be issued under the Open Offer, a

maximum of 166,950,000 Warrant Shares may fall to be issued upon the exercise of the subscription rights attached to the Warrants, representing approximately 10.5% of the existing issued share capital of the Company and 6.7% of the issued share capital of the Company as enlarged by the issue of (i) 79,500,000 Shares upon full exercise of the Remaining Share Options; (ii) a maximum number of 667,800,000 Offer Shares; and (iii) a maximum of 166,950,000 Warrant Shares. Assuming full exercise of the subscription rights attaching to the Warrants, the gross proceeds raised from the exercise of the Warrants are approximately HK\$18.4 million. The Company intends to use the proceeds from the exercise of the Warrants for general working capital purposes. Any subscription rights attaching to the Warrants which have not been exercised on or before the last day of the Exercise Period will lapse and the Warrants will cease to be valid for all purposes.

Transferability and listing

The Warrants are freely transferable, except that prior written consent of the Company is required for any assignment or transfer of the Warrants to a connected person (as defined in the Listing Rules) of the Company. The Company will comply with the relevant requirements under the Listing Rules and make necessary announcement(s), where appropriate, if and when there is any assignment or transfer of the Warrants to a connected person of the Company. The Warrants constitute a new class of securities but no listing is being sought for the Warrants on the Stock Exchange or any other stock exchanges.

Cost of subscription of the Offer Shares (with Warrants)

The Warrants will be issued to the subscribers of the Offer Shares as part of the Open Offer without additional payment. On the basis that one Warrant will be issued for every four Offer Shares taken up, the subscription price of HK\$0.10 per Offer Share and the exercise price of HK\$0.11 per Warrant Share, the aggregate of the subscription moneys payable by the Qualifying Shareholders (assuming no exercise of the Remaining Share Options) for 636,000,000 Offer Shares and 159,000,000 Warrant Shares (upon exercise of the subscription rights attaching to the Warrants) would be HK\$81,090,000, or an average of approximately HK\$0.102 per Share, which represents:

- (i) a discount of approximately 7.3% to the closing price of HK\$0.110 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 4.7% to the theoretical ex-rights price of approximately HK\$0.107 per Share based on the closing price of HK\$0.110 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (iii) a discount of approximately 8.9% to the average closing price of HK\$0.112 per Share for the 5 consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 10.5% to the average closing price of HK\$0.114 per Share for the 10 consecutive trading days up to and including the Last Trading Day.

General Mandate

The Shares to be issued upon full exercise of the subscription rights attaching to the Warrants, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, will not exceed 20% of the total issued share capital of the Company at the time the Warrants are issued.

As advised by the legal adviser of the Company, pursuant to the Articles of Association of the Company, Directors may issue warrants to subscribe for Shares on such terms as they may determine and there is no specific provision in the Articles of Association of the Company which requires approval of the Shareholders for the issue of the Warrants. The Warrant Shares will be allotted and issued under the general mandate which was granted to the Directors pursuant to an ordinary resolution of the Company passed at its annual general meeting on 30 May 2008 to allot and issue up to 300,000,000 new Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue on that date. The general mandate has previously been utilised as to 90,000,000 Shares pursuant to a subscription of new Shares, details of which are set out in the section headed “Previous fund-raising exercises of the Company” below.

Fractional entitlements

Fractional entitlements to the Offer Shares and Warrants will not be issued but will be aggregated and taken up by the Underwriter.

Status of the Offer Shares and Warrant Shares

The Offer Shares and the Warrant Shares, when allotted and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of the Offer Shares and the Warrant Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Offer Shares or the Warrant Shares (as the case may be).

Rights of Non-Qualifying Shareholders (if any)

The Company will make enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders. If based on the advice provided by the legal advisers, the Directors consider that it is necessary or expedient not to offer the Offer Shares to the Overseas Shareholders on account either of the legal restrictions prevailing under the laws of the places of their registered addresses or the applicable requirements of the relevant regulatory bodies or stock exchanges in those places outside Hong Kong, the Open Offer will not be available to such Overseas Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the Open Offer will be set out in the Prospectus. If the Overseas Shareholders are excluded, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but will NOT send any Application Form to the Non-Qualifying Shareholders. The Offer Shares which would otherwise be allotted to the Non-Qualifying Shareholders under the Open Offer will be taken up by the Underwriter.

Application for listing of the Offer Shares and the Warrant Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares and the Warrant Shares. Dealings in the Offer Shares and the Warrant Shares on the Stock Exchange will be subject to the payment of stamp duty in Hong Kong. The Shares are currently traded in board lots of 2,500 Shares each.

Subject to the granting of listing of, and permission to deal in, the Offer Shares and the Warrant Shares on the Stock Exchange, the Offer Shares and the Warrant Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares and the Warrant Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Underwriting arrangements

Irrevocable undertakings from Chi Capital and Mr. Wong

As at the date of this announcement, Chi Capital is interested in 81,070,000 Shares, representing approximately 5.1% of the existing issued share capital of the Company. On 19 August 2008, Chi Capital irrevocably undertook to the Company that the Shares beneficially owned by it will not be disposed of from the date of the

undertaking up to and including the Record Date and that it will take up its entitlement under the Open Offer in full, representing 32,428,000 Offer Shares. Mr. Wong has also irrevocably undertaken to the Company not to exercise any of the 12,500,000 Share Options granted to him on or before the Record Date. Save for the undertaking from Chi Capital to take up its full entitlement under the Open Offer, no Shareholder has indicated any intention to give undertaking to take up any Offer Shares under the Open Offer.

The Underwriting Agreement

Taking into account the undertakings from Chi Capital and Mr. Wong, the Underwriter has agreed to fully underwrite not more than 635,372,000 Offer Shares and not less than 603,572,000 Offer Shares at a subscription price of HK\$0.10 per Offer Share. The Underwriter and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules). The Underwriting Agreement provides that the Underwriter will be obliged to subscribe or procure subscribers for any Underwritten Shares not taken up by the Qualifying Shareholders.

Conditions of the Open Offer

The Open Offer is conditional on, among other things, each of the following conditions being fulfilled:

- (i) the issue of this announcement;
- (ii) the delivery to the Stock Exchange for authorization and the filing with and registration of the Prospectus (with all documents required to be attached thereto by section 342C of the Companies Ordinance) and the Application Form (all having been duly authorised for registration by the Stock Exchange and signed by each of the Directors or by their agents authorised in writing) by the Registrar of Companies in Hong Kong in compliance with the Companies Ordinance by no later than the Prospectus Posting Date;
- (iii) the posting of the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date;
- (iv) the Listing Committee granting or agreeing to grant (subject to allotment) the listing of, and permission to deal in, the Offer Shares and the Warrant Shares;
- (v) the compliance with and performance of the irrevocable undertakings by Chi Capital and Mr. Wong as described in the paragraph headed “Irrevocable undertakings from Chi Capital and Mr. Wong” above;

- (vi) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms of the Underwriting Agreement; and
- (vii) trading in the Shares on the Stock Exchange not being suspended for more than five consecutive Business Days at any time prior to 4:00 p.m. on 6 October 2008, being the latest time for termination of the Underwriting Agreement (excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer).

Save and except for condition (vii) above, conditions set out above are not capable of being waived. If the conditions of the Open Offer under the Underwriting Agreement are not fulfilled (or waived by the Underwriter) by 4:00 p.m. on 31 October 2008 (or such later time and date as the Underwriter and the Company may agree in writing), the obligations of the Underwriter and the Company under the Underwriting Agreement shall cease and neither party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement, save in respect of any antecedent breach of any obligation under the Underwriting Agreement.

Underwriting commission

The Company will pay the Underwriter an underwriting commission of 3.5% of the aggregate subscription price of the maximum number of Underwritten Shares (i.e. 635,372,000 Shares), out of which the Underwriter may pay sub-underwriting fees. Both the Company and the Underwriter consider the underwriting commission is in line with the market rate. The Directors (including the independent non-executive Directors) are also of the view that the commission is fair and reasonable.

Termination of the Underwriting Agreement

If, prior to 4:00 p.m. on 6 October 2008, one or more of the following events or matters (whether or not forming part of a series of events) shall occur, arise, exist, or come into effect:

- (i) the Underwriter shall become aware of the fact that, or shall, in its reasonable opinion, believe that, any of the warranties under the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same represents or is likely to represent (in the reasonable opinion of the Underwriter) a material and adverse change in the business, financial or trading position or prospects of the Group as a whole or is otherwise likely to have a material and adverse effect on the Open Offer;

- (ii) the Company commits any breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement; or
- (iii) (a) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic, currency, epidemic or other nature (whether or not sui generis with any of the foregoing or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict);
- (c) any change in local, national or international equity securities or currency markets (including, but without limitation, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise);
- (d) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
- (e) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere which shall or may materially and adversely affect the Group or a material proportion of the Shareholders in their capacity as such;
- (f) any suspension in the trading of the Shares on the Stock Exchange for a continuous period of 5 Business Days;
- (g) any adverse change occurs in the circumstances of the Company or any member of the Group,

which event or events is or are in the reasonable opinion of the Underwriter:-

- (i) likely to have a material adverse effect on the business or financial or trading position or prospects of the Company or the Group; or
- (ii) likely to have a material adverse effect on the success of the Open Offer or the level of Offer Shares (with Warrants) taken up; or

(iii) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Open Offer,

then, and in such case the Underwriter may, in addition to and without prejudice to any other remedies to which the Underwriter may be entitled, by notice in writing given to the Company on or before 4:00 p.m. on 6 October 2008 terminate the Underwriting Agreement.

If the Underwriter gives a notice of termination to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriter any reasonable legal fees and other reasonable out-of-pocket expenses incurred by the Underwriter, except that the 3.5% underwriting fee described above shall not be payable to the Underwriter if the Underwriting Agreement does not become unconditional or if it is terminated by the Underwriter pursuant to the Underwriting Agreement. If the Underwriter exercises its right to terminate the Underwriting Agreement, the Open Offer will not proceed.

WARNING OF THE RISKS OF DEALING IN THE SHARES

The Open Offer is conditional upon, among other things, the fulfillment of the conditions set out above under the section headed “Conditions of the Open Offer” above. In addition, the Underwriter is entitled under the Underwriting Agreement to terminate the Underwriting Agreement on the occurrence of certain events, including but not limited to force majeure, as described above. Accordingly, the Open Offer may or may not proceed.

Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Open Offer are fulfilled will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares are advised to consult their own professional advisers.

Shareholders should note that, based on the expected timetable, the Shares will be dealt in on an ex-entitlement basis commencing from Friday, 5 September 2008 and that dealing in the Shares will take place even though the conditions under the Underwriting Agreement remain unfulfilled. Any Shareholder or other person dealing in the Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be at 4:00 p.m. on Monday, 6 October 2008) will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Company's principal activity is investment holdings whilst its subsidiaries are mainly engaged in the manufacturing and trading of printed circuit boards.

As a result of rising material costs, Renminbi appreciation and the tightening of credit facilities, the Group has been facing a difficult operating environment in recent year. For the year ended 31 December 2007, the Group recorded a loss attributable to the Shareholders of approximately HK\$29.8 million. The tightening of credit has also severely affected the liquidity position of the Group. As at 31 December 2007, the Group recorded net current liabilities of approximately HK\$7.3 million.

The Directors are of the view that the Open Offer would help to improve the Group's financial position and liquidity and raise working capital to sustain the Group's business development. The estimated net proceeds of the Open Offer will fall between approximately HK\$60.4 million (on the basis of the minimum number of Offer Shares) and HK\$63.6 million (on the basis of the maximum number of Offer Shares). The Company plans to use the net proceeds principally for general working capital purposes.

The Open Offer, which is on a fully underwritten basis, removes to a certain degree the completion risk associated with a fund-raising exercise such as a private placement on a best-effort basis. In addition, the Open Offer will not result in any interest expense being incurred by the Group when compared to bank borrowings. In the light of the present volatile capital market, the Directors consider that it is preferable to use equity funding to meet the Group's capital requirements. Also, taking into account the recent stock market conditions, the Open Offer is likely to be the most equitable and preferred mode of securing such equity funding. The Directors (including the independent non-executive Directors) believe that the Open Offer is in the interests of the Group and the Shareholders as a whole.

PROPOSED CAPITAL REORGANISATION

The Board proposes to put forward a proposal to the Shareholders to effect the Capital Reorganisation which involves:

- (i) reduction of the issued share capital of the Company by reducing the nominal value of each Share in issue from HK\$0.10 to HK\$0.01 and cancelling paid up capital to the extent of HK\$0.09 for each issued Share; and
- (ii) subdivision of each authorised but unissued Share into 10 Adjusted Shares of HK\$0.01 each.

The credit arising from the Capital Reduction as described in (i) above shall be transferred to a distributable reserve account of the Company.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon fulfillment of the following conditions:

- (i) the passing of the necessary resolution(s) by the Shareholders to approve the Capital Reorganisation at the EGM;
- (ii) compliance with any conditions which the Grand Court of the Cayman Islands may impose in respect of the Capital Reduction;
- (iii) the confirmation of the Capital Reduction by the Grand Court of the Cayman Islands and the registration by the Registrar of Companies in the Cayman Islands of a copy of the Cayman Islands Court order and the minute containing the particulars required under The Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands; and
- (iv) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Adjusted Shares in issue.

For the avoidance of doubt, the Open Offer and the Capital Reorganisation are not inter-conditional. Based on the expected timetable for the Open Offer and the time taken to fulfill the above conditions of the Capital Reorganisation, it is expected that the Capital Reorganisation will become effective after the completion of the Open Offer.

Effects of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK\$500,000,000 divided into 5,000,000,000 Shares of HK\$0.10 each, of which 1,590,000,000 Shares are in issue and credited as fully paid. Upon the Capital Reorganisation becoming effective and assuming no further Shares will be issued or repurchased after the date of this announcement, the authorized share capital of the Company will be HK\$500,000,000 divided into 50,000,000,000 Adjusted Shares of HK\$0.01 each, of which 1,590,000,000 Adjusted Shares will be in issue and credited as fully paid. As a result of the Capital Reduction, the issued share capital of the Company shall be reduced by HK\$143,100,000 from HK\$159,000,000 to HK\$15,900,000. A credit of HK\$143,100,000 will therefore arise as a result of the Capital Reduction, which will be transferred to a distributable reserve account of the

Company. Assuming completion of the Open Offer and the issue of a minimum of 636,000,000 Offer Shares, 2,226,000,000 Adjusted Shares will be in issue and a credit in the amount of HK\$200,340,000 will arise as a result of the Capital Reduction.

Other than the expenses incurred or to be incurred relating to the Capital Reorganisation, implementation of the Capital Reorganisation will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders. The Board believes that the Capital Reorganisation will not have any adverse effect on the financial position of the Group and that on the date the Capital Reorganisation is to be effective, there are no reasonable grounds for believing that the Company would be unable to pay its liabilities as they become due.

Reasons for the Capital Reorganisation

Since the Shares have recently been trading at a level close to their nominal value and the Company is not allowed to issue new Shares below their nominal value, the Board believes that the Capital Reorganisation will give greater flexibility to the Company to raise funds through the issue of new Shares in the future should the market price of the Shares fall below their current nominal value. As such, the Directors believe that the Capital Reorganisation is beneficial to the Company and the Shareholders as a whole. As at the date of this announcement, apart from the Open Offer, no formal or legally binding agreement has been entered into by the Company for any other fund raising exercise.

Status of the Adjusted Shares

The Adjusted Shares will rank pari passu in all respects with each other and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders.

Application for listing

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the Adjusted Shares arising from the Capital Reorganisation.

Subject to the granting of the listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealing in the Adjusted Shares on the Stock Exchange or such

other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Free exchange of certificates for Adjusted Shares

Subject to the Capital Reorganisation becoming effective, Shareholders may submit their existing certificates for the Shares (in orange colour) to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in exchange for certificates for the Adjusted Shares (in blue colour) at the expense of the Company during a specific period to be announced by the Company. Thereafter, certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.5 (or such higher amount as may from time to time be allowed by the Stock Exchange) to be payable by Shareholders for each share certificate issued for the Adjusted Shares. Nevertheless, certificates for the Shares will continue to be good evidence of legal title and valid for trading, settlement and registration purposes and may be exchanged for share certificates for the Adjusted Shares at any time.

Timetable

The expected timetable for the implementation of the Capital Reorganisation will be set out in a circular to be despatched by the Company to the Shareholders and further announced by the Company as soon as practicable.

ADJUSTMENTS TO EXERCISE PRICES AND NUMBER OF THE SHARE OPTIONS

Adjustments to the exercise prices and number of the outstanding Share Options may be required under the relevant terms of the share option scheme of the Company as a result of the Open Offer or Capital Reorganisation. Further announcement will be made by the Company after the necessary adjustments have been confirmed.

PREVIOUS FUND-RAISING EXERCISES OF THE COMPANY

The table below sets out the equity fund-raising activities of the Company in the past 12 months immediately preceding the date of this announcement.

Nature of transaction	Date of mandate granted	Date of agreement	Date of announcement	Net proceeds	Intended use of net proceeds as announced	Actual use of net proceeds
Subscription of 250,000,000 new Shares	21 May 2007	21 May 2008	21 May 2008	Approximately HK\$36.3 million	general working capital	Fully utilized as intended
Subscription of 90,000,000 new Shares	30 May 2008	11 July 2008	11 July 2008	Approximately HK\$10.6 million	general working capital	Fully utilized as intended

Save as disclosed above, the Company has not carried out any fund-raising exercise in the 12-month period immediately preceding the date of this announcement.

SHAREHOLDING STRUCTURE

(i) Immediately upon completion of the Open Offer

The table below depicts the possible shareholding structure of the Company as at the date of this announcement and the possible changes upon completion of the Open Offer, on the basis of the public information available to the Company on the date of this announcement and after the Directors have made reasonable enquiries:-

Shareholders	As at the date of this announcement		Upon completion of the Open Offer							
			Assuming no exercise of the Remaining Share Options on or before Record Date				Assuming full exercise of the Remaining Share Options on or before Record Date			
			Nil		100%		Nil		100%	
			subscription by Shareholders		subscription by Shareholders		subscription by Shareholders		subscription by Shareholders	
	Shares	%	Shares	%	Shares	%	Shares	%	Shares	%
Century Champion Group Limited (note 2)	318,534,201	20.0%	318,534,201	14.3%	445,947,881	20.0%	318,534,201	13.6%	445,947,881	19.1%
Chi Capital (note 3)	81,070,000	5.1%	113,498,000	5.1%	113,498,000	5.1%	113,498,000	4.9%	113,498,000	4.9%
Lin Cheng Hung (note 4)	9,431,452	0.6%	9,431,452	0.4%	13,204,033	0.6%	9,431,452	0.4%	13,204,033	0.6%
Hsu Chung (note 4)	10,652,743	0.7%	10,652,743	0.5%	14,913,840	0.7%	23,152,743	1.0%	32,413,840	1.4%
Huang Lien Tsung (note 4)	2,626,292	0.2%	2,626,292	0.1%	3,676,809	0.2%	2,626,292	0.1%	3,676,809	0.2%
Nguyen Duc Van (note 5)	1,173,638	0.1%	1,173,638	0.1%	1,643,093	0.1%	1,173,638	0.1%	1,643,093	0.1%
<i>Sub-total</i>	<i>423,488,326</i>	<i>26.6%</i>	<i>455,916,326</i>	<i>20.5%</i>	<i>592,883,656</i>	<i>26.6%</i>	<i>468,416,326</i>	<i>20.0%</i>	<i>610,383,656</i>	<i>26.1%</i>
The Underwriter	—	0.0%	603,572,000	27.1%	—	0.0%	635,372,000	27.2%	—	0.0%
Public Shareholders	<u>1,166,511,674</u>	<u>73.4%</u>	<u>1,166,511,674</u>	<u>52.4%</u>	<u>1,633,116,344</u>	<u>73.4%</u>	<u>1,233,511,674</u>	<u>52.8%</u>	<u>1,726,916,344</u>	<u>73.9%</u>
<i>Total holding of public Shareholders</i>	<i><u>1,166,511,674</u></i>	<i><u>73.4%</u></i>	<i><u>1,770,083,674</u></i>	<i><u>79.5%</u></i>	<i><u>1,633,116,344</u></i>	<i><u>73.4%</u></i>	<i><u>1,868,883,674</u></i>	<i><u>80.0%</u></i>	<i><u>1,726,916,344</u></i>	<i><u>73.9%</u></i>
Total	<u>1,590,000,000</u>	<u>100%</u>	<u>2,226,000,000</u>	<u>100%</u>	<u>2,226,000,000</u>	<u>100.0%</u>	<u>2,337,300,000</u>	<u>100%</u>	<u>2,337,300,000</u>	<u>100%</u>

(ii) Upon completion of the Open Offer and assuming full exercise of Warrants

The table below depicts the possible shareholding structure of the Company as at the date of this announcement and the changes upon completion of the Open Offer and assuming full exercise of Warrants, which is for illustration purpose only as the Underwriter has undertaken to the Company that (i) it will use its best efforts to ensure that the subscribers or purchasers (including the sub-underwriters and their respective beneficial owners) of the Underwritten Shares procured by it or by the sub-underwriters are third parties independent of and not acting in concert with the Company and its connected persons and/or associates (both as defined in the Listing Rules); and (ii) no such subscriber or purchaser of the Underwritten Shares shall be procured by it or by the sub-underwriters if allotment and issue of any Offer Shares (with Warrants) to it would result in it and any Shareholders and their respective associates and parties acting in concert with them, when aggregated with the Shares (if any) already held by them, becoming a substantial shareholder of the Company or holding 30% or more of the enlarged issued share capital of the Company immediately after completion of the Open Offer:-

	Upon completion of the Open Offer									
	As at the date of this announcement		Assuming no exercise of the Remaining Share Options on or before Record Date and full exercise of Warrants				Assuming full exercise of the Remaining Share Options on or before Record Date and full exercise of Warrants			
			Nil subscription by Shareholders (Note 1)		100% subscription by Shareholders		Nil subscription by Shareholders (Note 1)		100% subscription by Shareholders	
	Shares	%	Shares	%	Shares	%	Shares	%	Shares	%
Shareholders										
Century Champion Group Limited (note 2)	318,534,201	20.0%	318,534,201	13.4%	477,801,302	20.0%	318,534,201	12.7%	477,801,302	19.1%
Chi Capital (note 3)	81,070,000	5.1%	121,605,000	5.1%	121,605,000	5.1%	121,605,000	4.9%	121,605,000	4.9%
Lin Cheng Hung (note 4)	9,431,452	0.6%	9,431,452	0.4%	14,147,178	0.6%	9,431,452	0.4%	14,147,178	0.6%
Hsu Chung (note 4)	10,652,743	0.7%	10,652,743	0.4%	15,979,115	0.7%	23,152,743	0.9%	34,729,115	1.4%
Huang Lien Tsung (note 4)	2,626,292	0.2%	2,626,292	0.1%	3,939,438	0.2%	2,626,292	0.1%	3,939,438	0.2%
Nguyen Duc Van (note 5)	1,173,638	0.1%	1,173,638	0.0%	1,760,457	0.1%	1,173,638	0.0%	1,760,457	0.1%
<i>Sub-total</i>	<i>423,488,326</i>	<i>26.6%</i>	<i>464,023,326</i>	<i>19.5%</i>	<i>635,232,489</i>	<i>26.6%</i>	<i>476,523,326</i>	<i>19.0%</i>	<i>653,982,489</i>	<i>26.1%</i>
The Underwriter	—	0.0%	754,465,000	31.6%	—	0.0%	794,215,000	31.7%	—	0.0%
Public Shareholders	1,166,511,674	73.4%	1,166,511,674	48.9%	1,749,767,511	73.4%	1,233,511,674	49.3%	1,850,267,511	73.9%
<i>Total holding of public Shareholders</i>	<i>1,166,511,674</i>	<i>73.4%</i>	<i>1,920,976,674</i>	<i>80.5%</i>	<i>1,749,767,511</i>	<i>73.4%</i>	<i>2,027,726,674</i>	<i>81.0%</i>	<i>1,850,267,511</i>	<i>73.9%</i>
Total	1,590,000,000	100%	2,385,000,000	100%	2,385,000,000	100.0%	2,504,250,000	100%	2,504,250,000	100%

Notes:

1. *Assuming no Shareholder other than Chi Capital takes up their entitlement of Offer Shares and all the Underwritten Shares are taken up by the Underwriter.*
2. *These Shares are registered in the name of and beneficially owned by Century Champion Group Limited, the entire issued share capital of which is beneficially owned as to 100% by Vertex Precision Electronics Inc. ("Vertex"). 130,000,000 of these Shares are a security interest in shares charged in favour of Ta Chong Bank Co. Ltd. which has not been set out separately in the above table. Each of Mr. Lin Cheng Hung, Mr. Hsu Chung (being current executive Directors), Ms. Lin Yi Ting and Mr. Liao Kuang Sheng (being former Directors), is a shareholder of Vertex as at the date of this announcement. Mr. Lin Cheng Hung and Mr. Hsu Chung are indirectly interested in the business carried on by Vertex and its subsidiaries.*
3. *Mr. Wong is the sole beneficial owner and sole director of Chi Capital.*
4. *An executive Director.*
5. *A non-executive Director.*

In performing its undertaking obligations under the Underwriting Agreement, the Underwriter expects that immediately after completion of the Open Offer, no subscriber or purchaser of the Underwritten Shares will become a substantial Shareholder.

EXPECTED TIMETABLE FOR THE OPEN OFFER

The expected timetable for the Open Offer is set out below:

2008

Last day of dealing in Shares on a cum-entitlement basis . . . Thursday, 4 September

First day of dealing in Shares on an ex-entitlement basis Friday, 5 September

Latest time for lodging transfers of Shares in order to
qualify for the Open Offer 4:00 p.m. on
Monday, 8 September

Register of members of the Company closes
(both dates inclusive) Tuesday, 9 September
to
Friday, 12 September

Record Date Friday, 12 September

Despatch of the Prospectus Documents	Tuesday, 16 September
Register of members reopens	Tuesday, 16 September
Latest time for application and payment for the Offer Shares	4:00 p.m. on Tuesday, 30 September
Underwriting Agreement expects to become unconditional	Monday, 6 October
Announcement of the results of the Open Offer to be published	Monday, 6 October
Despatch of certificates for fully-paid Offer Shares and Warrants	Thursday, 9 October
Dealings in Offer Shares commence	Monday, 13 October

All times stated above are Hong Kong times. Dates stated in the timetable are for indicative purpose only and may be extended or varied. Any changes to the expected timetable for the Open Offer will be announced as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR APPLICATION OF AND PAYMENT FOR THE OFFER SHARES

The latest time for application of and payment for the Offer Shares will not take place if there is:

- a tropical cyclone warning signal number 8 or above, or
 - a “black” rainstorm warning
- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on 30 September 2008. Instead the latest time of application of and payment for the Open Offer will be extended to 5:00 p.m. on the same Business Day;
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on 30 September 2008. Instead the latest time of application of and payment for the Open Offer will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for application of and payment for the Offer Shares does not take place on 30 September 2008, the dates mentioned in the section headed “Expected Timetable for the Open Offer” in this announcement may be affected. An announcement will be made by the Company in such event.

GENERAL INFORMATION AND REGULATORY IMPLICATIONS

The Prospectus or Prospectus Documents, where appropriate, containing further information on the Open Offer will also be despatched to the Shareholders as soon as practicable.

The Capital Reorganisation is subject to, among other things, the approval of the Shareholders. As no Shareholder has an interest in the Capital Reorganisation which is different from the other Shareholders, no Shareholder is required to abstain from voting on the Capital Reorganisation.

A circular containing, among other things, further details of the Capital Reorganisation together with a notice of the EGM, will be despatched by the Company to the Shareholders as soon as practicable.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 20 August 2008 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 27 August 2008.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“acting in concert”	has the meanings ascribed to it in the Hong Kong Code on Takeovers and Mergers
“Adjusted Shares”	ordinary shares of HK\$0.01 each in the capital of the Company upon the Capital Reorganisation becoming effective
“Application Form(s)”	the application form(s) to be issued in connection with the Open Offer
“associate(s)”	has the same meaning ascribed to it in the Listing Rules
“Board”	the board of Directors

“Business Day”	a day on which banks are generally open for business in Hong Kong other than a Saturday and a Sunday
“Capital Reduction”	the proposed reduction of the issued share capital of the Company by reducing the nominal value of each Share in issue from HK\$0.10 to HK\$0.01 and canceling paid-up capital to the extent of HK\$0.09 for each issued Share
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving the Capital Reduction and the sub-division of the unissued Shares
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Global Flex Holdings Limited (stock code: 471), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Chi Capital”	Chi Capital Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Wong
“Companies Law”	The Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider the Capital Reorganisation
“Exercise Period”	the period of 24 months from the date of issue of the Warrants
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Last Trading Day”	19 August 2008, being the last trading day before the suspension of trading of the Shares for the purpose of the release of this announcement
“Listing Committee”	the listing sub-committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wong”	Mr. Wong Chau Chi, an executive Director
“Non-Qualifying Shareholders”	Overseas Shareholders in respect of whom the Directors, based on legal opinions provided by the legal advisers, consider it necessary or expedient not to extend the Open Offer to such Shareholders on account either of the legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory bodies or stock exchanges in those places
“Open Offer”	the issue by way of rights of two Offer Shares for every five Shares held on the Record Date (with one Warrant for every four Offer Shares taken up) at a price of HK\$0.10 per Offer Share
“Offer Shares”	new Shares to be issued and allotted under the Open Offer, being not more than 667,800,000 Shares but not less than 636,000,000 Shares
“Overseas Shareholders”	Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register are in a place(s) outside Hong Kong
“Prospectus”	the prospectus to be issued to the Shareholders containing details of the Open Offer
“Prospectus Documents”	the Prospectus and the Application Form
“Prospectus Posting Day”	the date of posting the Prospectus Documents to Qualifying Shareholders and the Prospectus to Non-Qualifying Shareholders for their information only, which is expected to be 16 September 2008

“Qualifying Shareholders”	Shareholders, other than the Non-Qualifying Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	the date by reference to which entitlements to the Open Offer are to be determined, which is expected to be 12 September 2008
“Remaining Share Options”	79,500,000 Share Options, the holders of which have not undertaken to the Company not to exercise such Share Options on or prior to the Record Date
“Share Options”	the options to subscribe for Shares granted to eligible participants of the Company under the share option scheme of the Company adopted on 5 July 2005
“Share(s)”	share(s) of HK\$0.10 each in the existing share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Underwriter”	SBI E2-Capital (HK) Limited, the underwriter to the Open Offer
“Underwriting Agreement”	the underwriting agreement dated 19 August 2008 entered into between the Company and the Underwriter in relation to the underwriting and certain other arrangements in respect of the Open Offer
“Underwritten Shares”	being not more than 635,372,000 Offer Shares but not less than 603,572,000 Offer Shares, representing the total number of Offer Shares to be issued pursuant to the Open Offer less those Offer Shares agreed and undertaken to be taken up by Chi Capital

“Warrants”	unlisted unit warrants to be issued by the Company to the successful applicants of the Offer Shares pursuant to the Open Offer, represented by certificates, conferring the rights in their registered form to the holders thereof to subscribe in cash for up to 166,950,000 Warrant Shares at an initial exercise price of HK\$0.11 per Warrant Share (subject to adjustment) at any time during the Exercise Period
“Warrant Shares”	new Shares or Adjusted Shares falling to be issued upon exercise of the subscription rights attaching to the Warrants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%” or “per cent.”	percentage or per centum

On behalf of the board of
Global Flex Holdings Limited
Wong Chau Chi
Chairman

Hong Kong, 26 August 2008

As at the date of this announcement, the Directors are as follows:

Executive Directors:

Mr. Lin Cheng Hung
Mr. Wong Chau Chi
Mr. Hsu Chung
Mr. Huang Lien Tsung

Non-executive Directors:

Mr. Chou Tsan Hsiung
Mr. Nguyen Duc Van
Mr. Yang Yi
Dr. Li Jun

Independent Non-executive Directors:

Mr. Wang Wei Lin
Mr. Chow Chi Tong