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**Global Flex Holdings Limited**  
**佳邦環球控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 471)**

**VERY SUBSTANTIAL DISPOSAL TRANSACTION  
SALE OF EQUITY INTEREST AND ASSETS OF SUBSIDIARIES  
AND RESUMPTION OF TRADING**

On 30 July 2009, the Group entered into (a) the Share Sale Agreement in relation to the sale of Equity Interest and (b) the Asset Sale Agreement in relation to the sale of Assets.

The transactions contemplated under the Share Sale Agreement and the Asset Sale Agreement are aggregated as a single transaction as they are entered into by the Group with the same party pursuant to Rule 14.22 of the Listing Rules. As the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Transaction are more than 75%, the Transaction constitutes a very substantial disposal of the Company under Rule 14.06 of the Listing Rules.

A circular containing, among other things, further information on the Transaction, the Share Sale Agreement, the Asset Sale Agreement and a notice convening the EGM will be despatched to the Shareholders as soon as practicable.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 31 July 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 6 August 2009.

## **SUMMARY OF THE TRANSACTION**

The Transaction is composed of the Share Sale Agreement and Asset Sale Agreement. The Purchaser is a subsidiary of Hi-P International Limited, a major consumer electronic manufacturer based in Singapore with substantial presence in the PRC and around the world. Under the above agreements, the Purchaser shall invest a total amount of RMB 250 million by way of cash and RMB 25.9 million by way of the Consideration Shares. The cash component of RMB250 million comprises of part consideration of the Share Sale in the amount of RMB103.6 million, and an entrusted loan to be arranged by the Purchaser in the amount of RMB146.4 million. RMB70 million of the entrusted loan shall be used as consideration for the Asset Sale.

After completion of the Transaction, the Group will become a 20% minority shareholder of the Purchaser and continue to engage in the rigid printed circuit boards business. By investing in the Purchaser, the Board believes that the Group can leverage from the strategic relationship with Hi-P International Limited in the development of the business of mobile electronics and multimedia solutions. In addition, as previously announced by the Company on 2 July 2009, the Company expects to explore new businesses such as 3G and mobile TV and multimedia and is in negotiation to acquire certain strategic assets to create a complete business platform, which is expected to help the Company continue to thrive and maximize value for Shareholders. The Company will make appropriate announcement(s) as and when required in accordance with the Listing Rules (where applicable).

## **THE AGREEMENTS**

### **The Share Sale Agreement dated 30 July 2009**

#### **Parties**

- (1) Purchaser
- (2) Vendor
- (3) Company
- (4) Wong Chau Chi, an executive Director

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Purchaser and its ultimate beneficial owners are third parties independent of the Group and any of the Group's connected persons. The Purchaser is an investment holding company. The holding company of the Purchaser is Hi-P International Limited, an electronic manufacturing company whose shares are listed on the Singapore Exchange Securities Trading Limited.

## **The Share Sale and the consideration**

Under the Share Sale Agreement, the Vendor shall sell and the Purchaser shall acquire the Equity Interest at a consideration of RMB129.5 million which is to be satisfied as follows:

- (a) RMB103.6 million by way of cash, of which a deposit (“Deposit”) of RMB10 million shall be paid by the Purchaser to the Vendor upon the execution of the GFH Guarantee and a personal guarantee for the refund of Deposit by Mr. Wong Chau Chi, an executive Director; and
- (b) RMB25.9 million by way of the allotment and issue of the Consideration Shares, equivalent to 20% of the enlarged issued share capital of the Purchaser as at Completion.

The consideration was determined after arm’s length negotiations between the Group and the Purchaser on the basis that the property, plant and machinery of Jiamao shall have a minimum net book value of RMB182.75 million as at Completion as adjusted for the amortization of certain land use rights and depreciation of certain property, plant and equipment at such amounts as agreed between the Vendor and the Purchaser. The consideration shall be reduced by an amount equivalent to any shortfall below RMB182.75 million if the net book value of the property, plant and equipment of Jiamao as at Completion is below RMB182.75 million.

It was agreed under the Share Sale Agreement that the management accounts of Jiamao as at 30 September 2009 shall be adjusted in the following manner:

- (a) all pre-operating expenses as at 30 September 2009, amounting to approximately RMB21.65 million or such other amount as determined by the Purchaser shall be fully written off; and
- (b) all debts and amounts owing by Jiatong as at 30 September 2009, amounting to approximately RMB87.23 million or such other amount as determined by the Purchaser shall be fully written off.

After the above adjustment, the net book value of Jiamao is expected to amount to about RMB123.9 million.

## **The Asset Sale Agreement dated 30 July 2009**

### **Parties**

- (1) Purchaser
- (2) Jiatong

### **The Asset Sale and the consideration**

All assets related to or used in connection with the FPCB and FRPCB business. The consideration for the Asset Sale is RMB70 million, which shall be paid in the manner as directed by the administrators appointed by the Court for the restructuring of Jiatong, in accordance with a restructuring plan to be presented by Jiatong to its creditors and as approved by the Court.

The consideration for the Asset Sale was determined after arm-length's negotiations between the Vendor and the Purchaser with reference to the net book value of the Assets to be sold under the Asset Sale Agreement.

### **Conditions precedent**

Completion shall be conditional upon, among others:

- (a) the passing of the relevant resolutions at the EGM by the Shareholders for approving the Share Sale Agreement and Asset Sale Agreement and transactions contemplated therein;
- (b) all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the Share Sale Agreement and Asset Sale Agreement and the transactions contemplated hereby having been obtained; and
- (c) all necessary approvals that might be required from the authorities, including but not limited to the Stock Exchange, the Singapore Exchange Securities Trading Limited, the Ministry of Commerce (or its local branch) or the Court.

If any of the conditions has not been satisfied on or before 30 September 2009, the obligations in relation to the Share Sale Agreement and Asset Sale Agreement shall cease and determine and the Vendor shall refund the Deposit to the Purchaser. Save as aforesaid and without prejudice to parties' rights in respect of any antecedent breach of the terms of the Share Sale Agreement and Asset Sale Agreement, none of the parties shall have any obligations and liabilities towards each other.

## **Completion**

Completion shall take place on the fourteenth business day after fulfillment of the conditions or such later date as the Vendor and the Purchaser may agree.

Upon completion of the Share Sale, Jiamao will cease to be a subsidiary of the Company and the Company will have an indirect interest in 20% of the entire equity interest of Jiamao through its holding of the Consideration Shares in the Purchaser.

## **Other principal provisions of the Share Sale Agreement**

### **(a) Funding**

Subject to Completion, the Purchaser shall obtain funding to Jiamao from a group member of the Purchaser through a Financier or in such other manner as the Purchaser may deem fit. The Purchaser shall procure the Financier to agree to provide an entrusted loan of RMB146.4 million to Jiamao on terms acceptable to the Purchaser. The loan shall be used as at RMB76.4 million for settlement of all amounts owing to the creditors of Jiamao on Completion, and as to RMB70 million as consideration for the Asset Sale. Where required, the Vendor shall procure that all assets of Jiamao (including the Assets to be acquired under the Asset Sale Agreement) be mortgaged, charged and/or pledged to such group member of the Purchaser and/or the Financier before Completion as security for the loan.

### **(b) Share Charge**

As security against payment and performance by the Vendor, when due, of all amounts and obligations under the Share Sale Agreement and the other Transaction Documents, which include the refund of the Deposit and the obligation for the repayment of shortfall of the consideration by the Vendor as disclosed above, the Vendor agrees prior to Completion to execute the Share Charge in respect of all Consideration Shares in favour of Hi-P International Limited or its nominee.

Upon the expiry of three years from Completion, and provided there has been no breach by the Vendor of any of its payment and other obligations under the Share Sale Agreement which has not been cured or settled to the satisfaction of the Purchaser, the Purchaser shall upon receiving the Vendor's reasonable request in writing, do all acts and execute all documents necessary to discharge the Share Charge at the cost and expense of the Vendor.

**(c) Guarantee**

As security against payment and performance by the Vendor of the Share Sale Agreement, which include the obligation for the refund of the Deposit and indemnity by the Vendor and the Company in case of any breach of the warranties under the Share Sale Agreement, the Company agrees to execute the GFH Guarantee for a period of two years from Completion in a form acceptable to the Purchaser prior to Completion in favour of the Purchaser or its nominee.

**INFORMATION ON JIAMAO, JIATONG, THE GROUP AND THE PURCHASER**

Both Jiamao and Jiatong are indirect wholly owned subsidiaries of the Company established in the PRC as wholly foreign owned enterprises. Jiamao is a property holding company and Jiatong is principally engaged in the manufacturing and trading of printed circuit boards. As announced by the Company on 3 March 2009, 4 March 2009 and 10 March 2009, Jiatong has been approved by the Court for restructuring. As at the date of this announcement, the restructuring is still in process.

Based on the audited accounts of Jiamao, the net asset value of Jiamao was approximately US\$30.9 million as at 31 December 2008. For the year ended 31 December 2008, the net loss before and after taxation and extraordinary items of Jiamao amounted to US\$1.8 million. For the year ended 31 December 2007, the net loss before and after taxation and extraordinary items of Jiamao amounted to US\$1.9 million.

Based on the audited accounts of Jiatong, the book value of the Assets amounted to approximately US\$19.8 million as at 31 December 2008. For the year ended 31 December 2008, the net loss before and after taxation and extraordinary items attributable to the Assets amounted to US\$15.5 million. For the year ended 31 December 2007, the net loss before and after taxation and extraordinary items attributable to the Assets amounted to US\$5.1 million.

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

The Purchaser was newly incorporated in Singapore as investment holding company for the purpose of the Transaction. It does not have any asset, profit or loss since its incorporation.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Board is of the view that the Transaction will effectively allow the Company to dispose of its FPCB and FRPCB business and hence relieve itself from burdens of maintaining a massive manufacturing base that has created much of the Company's losses in previous years. The Transaction will also create cash proceeds for the Company to pay down significant portions of liabilities in the subsidiary level. It is the intention of the parties that the Company will remain as a strategic minority shareholder in the Purchaser and continue to collaborate with the Purchaser to build a vertically integrated production platform for new generation mobile electronics and multimedia solutions, which would mark an important step for the Company's transformation and new business repositioning.

It is expected that the Company will record a gain of US\$800,000 as a result of the Share Sale and Asset Sale, such gain is calculated on the basis of the net proceeds from the disposals less the net asset value of Jiamao and net book value of Assets in Jiatong as at 31 December 2008. The actual gain or loss will depend on the net asset value of Jiamao and net book value of Assets in Jiatong as at the date of Completion. It is intended that the sale proceeds of the Share Sale and Asset Sale will be used for the repayments of the overdue balances of the banks as secured creditors in respect of loans granted to Jiatong and the creditors in the subsidiary level and for on-going working capital. The Board considers the sale proceeds of the Share Sale and Asset Sale will minimise the level of overdue debts in the subsidiary level.

The Directors (including the independent non-executive Directors) consider that the terms of the Share Sale Agreement and the Asset Sale Agreement are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **REMAINING BUSINESS OF THE GROUP**

As disclosed in the annual report of the Company for the year ended 31 December 2008, the Group's business was mainly divided into four segments: (i) manufacture and trading of FPCB (including FRPCB); (ii) manufacture and trading of rigid printed circuit boards; (iii) assembly of FPCB; and (iv) assembly of rigid printed circuit boards. After completion of the Transaction and restructuring of Jiatong, the Group will continue to engage in the manufacture and trading of rigid printed circuit boards and assembly of rigid printed circuit boards (i.e. business segments (ii) and (iv) above) and discontinue the manufacture and trading of FPCB and assembly of FPCB (i.e. business segments (i) and (iii) above). The Company will become a minority shareholder of the Purchaser, which in turn will indirectly own 20% equity



“Asset Sale Agreement”	a sale and purchase agreement entered into between Jiatong and the Purchaser on 30 July 2009 in connection with the Asset Sale
“Assets”	All assets related to or used in connection with the FPCB and FRPCB business
“Board”	board of Directors
“Company”	Global Flex Holdings Limited, a company incorporated in Cayman Islands with limited liability and whose shares having a par value of HK\$0.01 each are listed on the main board of the Stock Exchange
“Completion”	completion of the Share Sale Agreement and Asset Sale Agreement
“Consideration Shares”	such number of new ordinary shares in the capital of the Purchaser to be allotted and issued to the Vendor as part of the consideration under the Share Sale Agreement
“Court”	the Wuzhong Court in Suzhou City, Jiangsu Province of the PRC (中國江蘇省蘇州市吳中區人民法院) or such other court(s) having competent jurisdiction
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving by the Shareholders of the Share Sale Agreement, the Asset Sale Agreement and the transactions contemplated thereunder
“Equity Interest”	all the registered capital in Jiamao
“Financier”	a licensed commercial bank in the PRC
“FPCB”	flexible printed circuit boards
“FRPCB”	flexible-rigid printed circuit boards
“GFH Guarantee”	a corporate guarantee to be given by the Company in favour of the Purchaser pursuant to the Share Sale Agreement
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Jiamao”	Global Flex (Suzhou) Plant II Co., Ltd (蘇州佳茂科技有 限公司), a wholly foreign owned enterprise established in the PRC and an indirect wholly owned subsidiary of the Company
“Jiatong”	Global Flex (Suzhou) Co., Ltd (佳通科技(蘇州)有限公 司), a wholly foreign owned enterprise established in the PRC and an indirect wholly owned subsidiary of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	Hi-P Flex Pte Ltd., a company incorporated in Singapore
“RMB”	Renminbi, the lawful currency of the PRC
“Share Charge”	a share charge to be entered into between the Vendor and Hi-P International Limited in respect of the Consideration Shares pursuant to the Share Sale Agreement
“Share Sale”	the sale of the Equity Interest by the Vendor to the Purchaser pursuant to the Share Sale Agreement
“Share Sale Agreement”	a sale and purchase agreement entered into between, among others, the Vendor and the Purchaser on 30 July 2009 in connection with the Share Sale
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the Share Sale and the Asset Sale
“Transaction Documents”	the Share Sale Agreement, the Asset Sale Agreement, the Share Charge, the GFH Guarantee and any other agreements executed or to be executed by the parties on the date of the agreements or at Completion

“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	Global Technology International Ltd., a company incorporated in the British Virgin Islands with limited liability and a direct wholly owned subsidiary of the Company
“%”	per cent.

By order of the Board  
**Global Flex Holdings Limited**  
**Wong Chau Chi**  
*Chairman*

Hong Kong, 5 August 2009

*As at the date of this announcement, the Board comprises one executive director, namely Mr. Wong Chau Chi; three non-executive directors, namely Mr. Chou Tsan Hsiung, Mr. Yang Yi and Dr Li Jun; and two independent non-executive directors, namely Mr. Wang Wei Lin and Mr. Yu Kam Kee, Lawrence, BBE, MBE, JP.*