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**S&D HOLDINGS GROUP LIMITED**

*(incorporated in the British Virgin Islands with limited liability)*



**SJTU SUNWAY SOFTWARE INDUSTRY LIMITED**

交大銘泰軟件實業有限公司\*  
*(incorporated in the Cayman Islands with limited liability)*  
(Stock code: 8148)



銀創控股

**FinTronics Holdings Company Limited**

*(incorporated in Bermuda with limited liability)*  
(Stock code: 706)

**JOINT ANNOUNCEMENT**

**Possible conditional mandatory general offers by**

**Grand Vinco Capital Limited**

**on behalf of**

**S&D Holdings Group Limited**

**for all the issued shares of HK\$0.01 each in**

**SJTU Sunway Software Industry Limited**

**(other than those Shares already owned or agreed to**

**be acquired by S&D Holdings Group Limited**

**and parties acting in concert with it)**

**and to cancel all outstanding Options**

**Discloseable transaction:  
proposed disposal of Sale Shares**

**Joint financial advisers to S&D Holdings Group Limited**



**Grand Vinco Capital Limited**

**Nuada Limited**

**Independent financial advisor to the independent board committee of  
SJTU Sunway Software Industry Limited**



智略資本

On 23 November 2006, S&D Holdings Group Limited, being the Purchaser, has entered into the S&P Agreement with the Vendor, pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell an aggregate of 64,355,828 Shares at a total consideration of HK\$8,750,000 (equivalent to approximately HK\$0.1360 per Share). The Sale Shares represent approximately 32.18% of the issued share capital of the Company as at the date of this announcement. The Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares subject to and upon the terms and conditions of the S&P Agreement. The S&P Agreement is conditional upon fulfillment of the conditions specified therein and as described in the paragraph headed "Conditions" in the section headed "S&P Agreement" of this announcement.

FinTronics, being the holding company of the Vendor with 100% share control, has agreed to act as the Guarantor in the S&P Agreement. In consideration of the Purchaser agreeing to enter into this S&P Agreement, the Guarantor has agreed to guarantee in favour of the Purchaser the due and the punctual performance of the obligations of the Vendor under the S&P Agreement subject to and upon the terms and conditions of the S&P Agreement.

\* For identification purpose only

Upon Completion, the Purchaser and parties acting in concert with it will own in aggregate 64,355,828 Shares, representing approximately 32.18 % of the issued share capital of the Company as at the date of this announcement and is required under Rule 26.1 and Rule 13 of the Takeovers Code to make mandatory conditional cash offers for all the issued Shares and all the outstanding Options not already owned by the Offeror and parties acting in concert with it respectively.

Grand Vinco will, on behalf of the Offeror, make the Offers in compliance with the Takeovers Code at i) HK\$0.1360 per offer Share in cash; ii) HK\$1.00 per grantee of Group A Options in cash; and iii) HK\$1.00 per grantee of Group B Options in cash. The terms of the Offers are set out under the section headed "Possible Conditional Mandatory General Offers" below. Grand Vinco and Nuada are satisfied that there are sufficient financial resources available to the Offeror to meet the consideration for the Sale Shares and the full acceptance of the Offers.

Pursuant to the Takeovers Code, within 21 days after the date of this announcement or such later date as the Executive may approve, the Offeror and its concert parties are required to despatch an offer document in relation to the Offers. The Offeror and the Company intend to combine the offer document and the Company's Board circular and despatch such composite document to the Shareholders and the Optionholders, setting out, inter alia, the terms of the Offers, information on the Group, the letter from the independent board committee of the Company containing its recommendation and advice to the independent Shareholders in respect of the Offers and the letter from the Veda Capital, independent financial adviser, containing its recommendation and advice to the independent board committee of the Company in respect of the Offers, together with forms of acceptance and transfer and cancellation, within such period.

The proposed sale of the Sale Shares constituted a discloseable transaction for FinTronics under Chapter 14 of the Listing Rules. A circular containing further details of the S&P Agreement will be despatched to the shareholders of FinTronics as soon as possible.

At the request of the Company, trading in the Shares on GEM was suspended with effect from 9:30 a.m. on 24 November 2006 pending the issue of this announcement. The Company wishes to clarify that the Company mistakenly stated the reason for the suspension request made by the Company on 24 November 2006 was for the purpose of pending the issue of an announcement relating to a discloseable transaction of the Company which constituted a price sensitive information. The Company confirms that the suspension of trading in the Shares since 9:30 a.m. on 24 November 2006 was solely for the purpose of publication of this announcement. The Company further confirms that save for the matters disclosed in this announcement, there is no negotiations or agreements for any transactions which is discloseable under the GEM Listing Rules or which is or may be of a price sensitive nature. Application has been made by the Company for the resumption of trading in Shares on GEM with effect from 9:30 a.m. on 4 December 2006.

## **S&P AGREEMENT**

Date: 23 November 2006

Vendor: Futart Industry Company Limited

Purchaser: S&D Holdings Group Limited

The Purchaser and its ultimate beneficial owners are not acting in concert with (as defined in the Takeovers Code) any Shareholders.

The Purchaser and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Sale Shares: An aggregate of 64,355,828 Sale Shares, representing approximately 32.18% of the issued share capital of the Company as at the date of this announcement. The 64,355,828 Sale Shares are the entire shareholdings in the Company held by the Vendor.

Consideration: HK\$8,750,000, representing a price of approximately HK\$0.1360 per Sale Share.

The consideration for S&P Agreement shall be satisfied by Purchaser in the following manner:

- (1) HK\$100,000 has been paid by the Purchaser to the Vendor as non-refundable deposit and part payment of the Consideration on the date of the S&P Agreement; and
- (2) the balance of the Consideration of HK\$8,650,000 shall be paid by the Purchaser to the Vendor at Completion provided that the Vendor has given to the Purchaser written payment direction at least two Business Days prior to the Completion Date and provided that the Purchaser may withhold payment of a total sum of HK\$700,000 for court orders described below which is equivalent to the amount payable by the Company under the two consent orders both dated 19 October 2006 relating to the Legal Proceedings and pay such sum so withheld to the Vendor within two Business Days after the Vendor has produced evidence satisfactory to the Purchaser that such sums payable under the two said consent orders have fully been paid.

Conditions: Completion is conditional upon:

- (1) the Shares remaining listed and traded on GEM at all times from the date of the S&P Agreement up to (and including) the Completion Date, excluding any temporary suspension not exceeding seven consecutive trading days for the purposes of clearing any announcements, circulars or documents in relation to the transactions contemplated under the S&P Agreement;
- (2) there being no indication from the Stock Exchange or the SFC prior to the Completion Date that listing of the Shares will be suspended, revoked or withdrawn at any time after Completion, whether in connection with any of the transactions contemplated by the S&P Agreement or otherwise;
- (3) all necessary consents and approvals required to be obtained on the part of the Vendor and the Guarantor in respect of the S&P Agreement and the transactions contemplated thereby having been obtained;
- (4) the Warranties remaining true and accurate in all respects up to and including the time of Completion;

- (5) the publication of the joint announcement in relation to the S&P Agreement and the transactions contemplated thereby by or on behalf of the Company and the Purchaser and/or the Guarantor which has been cleared by the Stock Exchange and the SFC;
- (6) delivery of a written undertaking under seal from each of the grantees of the Group A Options undertaking to the Purchaser that they shall not exercise any of their Group A Options as from the date of the said written undertaking up to and including the close of the Offers and will accept the Option Offer A;
- (7) delivery of a written undertaking under seal from each of the grantees of the Group B Options undertaking to the Purchaser that they shall not exercise any of their Group B Options as from the date of the said written undertaking up to and including the close of the Offers and will accept the Option Offer B; and
- (8) relevant members of the Group and the Guarantor's Group entering into the Waivers pursuant to which the Indebtedness has been waived absolutely by the members of the Guarantor's Group.

The Purchaser may at any time by notice in writing to the Vendor waive any of the conditions (3), (4), (6), and (7) and such waiver may be made subject to such terms and conditions as are determined by the Purchaser.

The Offeror and the Vendor are of the view that since conditions (1), (2) and (4) are continuing events, the parties may regard such conditions have been satisfied provided that there are no breach of such conditions when other conditions have also been satisfied, and then proceed to Completion on the understanding that on the Completion Date, such conditions will remain satisfied.

If any of the conditions set out above has not been satisfied and/or waived at or before the Long Stop Date, the S&P Agreement shall cease and determine, save as the terms regarding confidentiality and announcement, notices and process agents, costs and stamp duty and governing law and jurisdiction, none of the parties to the S&P Agreement shall have any obligations and liabilities thereunder or shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches of the terms hereof.

**Completion:**

Upon compliance with or fulfillment or waiver of all conditions of the S&P Agreement as set out above, Completion shall take place on the Completion Date.

**(I) Basis of consideration**

The consideration per Sale Share of approximately HK\$0.1360 represents:

- (a) a premium of approximately 0.7% over the closing price of HK\$0.1350 per Share as quoted by the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 0.7% over the average of the closing prices of HK\$0.1350 per Share for the 5 trading days up to and including the Last Trading Day;
- (c) a premium of approximately 1.5% over the average of the closing prices of HK\$0.1340 per Share for the 10 trading days up to and including the Last Trading Day;
- (d) a premium of approximately 1.7% over the average of the closing prices of approximately HK\$0.1337 per Share for the 30 consecutive trading days up to and including the Last Trading Day; and
- (e) a premium of approximately 204.3% over the unaudited consolidated net assets value per Share of approximately HK\$0.04469 per Share as at 30 June 2006 based on the unaudited consolidated accounts of the Group.

**(II) Sale Shares**

An aggregate of 64,355,828 Sale Shares, representing approximately 32.18 % of the issued share capital of the Company as at the date of this announcement. The Sale Shares to be acquired by the Purchaser will be free from all claims, charges, liens, encumbrances, equities and other third parties' rights on Completion and were all the Shares held by the Vendor and parties acting in concert with it in the Company as at the date of the S&P Agreement.

FinTronics, being the holding company of the Vendor with 100% share control, has agreed to act as the Guarantor in the S&P Agreement. In consideration of the Purchaser agreeing to enter into the S&P Agreement, the Guarantor has agreed to guarantee in favour of the Purchaser the due and the punctual performance of the obligations of the Vendor under the S&P Agreement subject to and upon the terms and conditions of the S&P Agreement.

**POSSIBLE CONDITIONAL MANDATORY GENERAL OFFERS**

Subject to the Completion, the Offeror and parties acting in concert with it will be interested in 64,355,828 Shares, representing approximately 32.18% of the issued share capital of the Company. Accordingly, the Offeror and parties acting in concert with it will be required to make a conditional mandatory cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and its concert parties) pursuant to Rule 26.1 of the Takeovers Code and to make a comparable offer for all the outstanding Options pursuant to Rule 13 of the Takeovers Code.

As at the date of this announcement, there are (i) 200,000,000 Shares in issue; (ii) 6,000,000 Group A Options entitling the Optionholders to subscribe for a total of 6,000,000 new Shares; and (iii) 2,000,000 Group B Options entitling the Optionholders to subscribe for a total of 2,000,000 new Shares.

The Offeror and parties acting in concert (within the meaning of the Takeovers Code) with it do not have any shareholding interest in the Company and do not have interest in any outstanding warrants or options or derivatives or securities convertible into Shares as at the date of this announcement.

Pursuant to the terms of the S&P Agreement, the Vendor shall procure each of the grantees of the Group A Options to provide an undertaking to Offeror confirming that he/she shall not exercise any of his/her Group A Options as from the date of the said undertaking up to and including the close of the Offers and will accept the Option Offer A.

Pursuant to the terms of the S&P Agreement, the Vendor shall procure each of the grantees of the Group B Options to provide an undertaking to Offeror confirming that he/she shall not exercise any of his/her Group B Options as from the date of the said undertaking up to and including the close of the Offers and will accept the Option Offer B.

As at the date of this announcement, there are 8,000,000 Options entitling Optionholders to subscribe for a total of 8,000,000 new Shares, out of which 6,000,000 Group A Options are exercisable at an exercise price of HK\$0.14 per Share at any time up to 9 October 2015 and 2,000,000 Group B Options are exercisable at an exercise price of HK\$0.45 per Share at any time up to 17 January 2015. Based on the closing price of HK\$0.1350 per Share as quoted on the Stock Exchange on the Last Trading Day, all Options are out of the money.

Save for the Options, there are no outstanding warrants or options or derivatives or securities convertible into Shares. Taking into account the aggregate of 64,355,828 Shares to be acquired by the Offeror and its concert parties, 135,644,172 Shares will be subject to the Offers.

As at the date of this announcement, save for the undertakings, i) there are no arrangements in relation to shares of the Offeror or the Company and which might be material to the Offers; and ii) there are no agreements or arrangements to which the Offeror is a party which relate to circumstances in which it may or may not invoke or seek a pre-condition or a condition to the Offers. As at the date of this announcement, save for the undertakings, none of the Offeror and parties acting in concert with it has received any irrevocable commitment to accept the Offers.

There have been no dealings in the Shares by the Offeror and parties acting in concert with it during the six-month period prior to the date of the S&P Agreement and up to the date of this announcement.

The Offers will be made on the terms set out below.

#### **Principal terms of the Offers**

Grand Vinco will, on behalf of the Purchaser, make the Offers in compliance with the Takeovers Code on the following basis:

**for each offer Shares ..... HK\$0.1360 in cash**

**for cancellation of Group A Options ..... HK\$1 per grantee in cash**

**for cancellation of Group B Options ..... HK\$1 per grantee in cash**

#### **Condition of the Offers**

The Offers will only be made if the S&P Agreement is completed and conditional upon the Offeror having received acceptances of the Offers for the Shares which, together with the Shares already owned or agreed to be acquired by the Offeror and its concert parties before or during the offer period, will result in the Offeror and its concert parties holding more than 50% of the voting rights of the Company.

#### **Comparisons of value**

The offer price of HK\$0.1360 for each offer Share is the same as the price agreed to be paid by Purchaser for each Sale Share under the S&P Agreement and represents:

- (a) a premium of approximately 0.7% over the closing price of HK\$0.1350 per Share as quoted by the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 0.7% over the average of the closing prices of HK\$0.1350 per Share for the 5 trading days up to and including the Last Trading Day;



- (c) a premium of approximately 1.5% over the average of the closing prices of HK\$0.1340 per Share for the 10 trading days up to and including the Last Trading Day;
- (d) a premium of approximately 1.7% over the average of the closing prices of approximately HK\$0.1337 per Share for the 30 consecutive trading days up to and including the Last Trading Day; and
- (e) a premium of approximately 204.3% over the unaudited consolidated net asset value per Share of approximately HK\$0.04469 per Share based on the unaudited consolidated accounts of the Group as at 30 June 2006.

The price of HK\$1 per grantee for cancellation of Group A Options and for cancellation of Group B Options, whereas the exercise prices of the Group A Options and Group B Options are above the offer price under the Offers.

### **Highest and lowest prices**

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six month period prior to the date of announcement were HK\$0.140 per Share on 11 July 2006 and HK\$0.1330 per Share on 16 November 2006 respectively.

### **Total consideration**

As at the date of this announcement, there are 200,000,000 Shares in issue. Based on the offer price of HK\$0.1360 per offer Share, the entire issued share capital of the Company is valued at HK\$27.2 million and the 64,355,828 Sale Shares are valued approximately at HK\$8,750,000.

Based on the offer price of HK\$1 per grantee for Group A Options, the total consideration payable under the Option Offer A for cancellation of the Group A Options amounts to HK\$8. Based on the offer price of HK\$1 per grantee for Group B Options, the total consideration payable under the Option Offer B for cancellation of the Group B Options amounts to HK\$1.

Grand Vinco and Nuada are satisfied that there are sufficient financial resources available to the Offeror to meet the Consideration for the Sale Shares and the full acceptance of the Offers.

### **Effect of accepting the Offers**

By accepting (i) the Offers, the accepting Shareholders will sell their Shares and all rights arising on or after the date of acceptance (which shall be on or after the date of the composite document in relation to the Offers to be posted to the Shareholders and the Optionholders) attached to them to the Offeror; and (ii) the Option Offer A and the Option Offer B, the accepting Optionholders will surrender to the Company their respective Options for cancellation by the Company.

The accepting Shareholders and Optionholders shall be entitled to withdraw their acceptances after 21 days from the date of the composite document in relation to the Offers, if the Offers have not by then become unconditional as to acceptances.

### **Settlement of the consideration**

Stamp duty at a rate of HK\$1 for every HK\$1,000 (or part thereof) of the amount payable in respect of relevant acceptances, or, if higher, the market value of the Shares subject to such acceptance, will be deducted from the amount payable to the Shareholders who accept the Offers. The Offeror will then pay such stamp duty to the stamp office of the Inland Revenue Department of Hong Kong.

The amounts due to the Shareholders or the Optionholders (as the case may be) who accept the Offers should be paid by the Offeror to the Shareholders or the Optionholders (as the case may be) as soon as possible but in any event within 10 days of the later of the date on which the offer becomes, or is declared, unconditional and the date of receipt of a duly completed acceptance in accordance with the Takeovers Code.

## INFORMATION ON THE VENDOR AND ITS HOLDING COMPANY

FinTronics, the holding company of the Vendor, is a company listed on the Main Board of the Stock Exchange (Stock Code: 706).

The principal activity of FinTronics is investment holding. The subsidiaries of FinTronics is principally engaged in (i) the procurement, deployment and operation of automatic teller machines (“ATM”) and the provision of maintenance and technical support services for the ATM and the development of value-added services for the ATM in collaboration with commercial banks (such as utility payment and sale of air and train tickets by ATM); and (ii) the provision of software development and systems integration services covering mainly healthcare security, social security, hospital information management systems and public security sectors in the PRC.

The consideration for the Sale Shares was arrived at after arm’s length negotiation between the Vendor and the Purchaser. Without taking into account the Indebtedness as appeared in the books of FinTronics waived by it, the consideration per Sale Share represents a premium of approximately 0.7% on the closing price of HK\$0.1350 per Share as quoted by the Stock Exchange on the Last Trading Day. Assuming that the Indebtedness could be recovered in its full amount and taking into account the market value of the Sale Shares, the transactions contemplated by the S&P Agreement would result in a loss for FinTronics of approximately HK\$22 million (which represents the difference between (i) the aggregate value of the Indebtedness (approximately HK\$22 million) and the market value of the Sale Shares as at the Last Trading Day (approximately HK\$8.68 million) and (ii) the consideration for the Sale Shares (HK\$8,750,000)). However, in view of the loss-making position of the Group, the liquidity of the Shares on GEM, the premium of the consideration per Sale Share over the trading price of the Shares on GEM and the fact that FinTronics’ investment in the Group is not in line with the current principal business activities of the Guarantor’s Group as outlined above, the directors of FinTronics believe that the disposal of the Sale Shares represents a good opportunity for it to dispose of the Sale Shares at a reasonable price notwithstanding that the Guarantor’s Group is required to waive the Indebtedness in full pursuant to the terms and conditions of the S&P Agreement. The directors of FinTronics (including the independent non-executive directors) are of the view that the terms of the S&P Agreement are on normal commercial terms and are fair and reasonable and in the interests of the shareholders of FinTronics as a whole.

Prior to the completion of the S&P Agreement, the Company is accounted for as an associated company of FinTronics. After completion of the S&P Agreement, FinTronics no longer holds any shareholding interest in the Company and therefore the Company will cease to be an associated company of FinTronics.

As at 31 December 2004, the audited carrying value of FinTronics’ interests in the Group amounted to approximately HK\$14,876,000. Such value was written down to zero during the year ended 31 December 2005 in the books of FinTronics. Such write-down was mainly due to (i) the share of losses of associates amounted to HK\$12,348,000 and (ii) the impairment losses on associates amounted to HK\$2,528,000. In addition, the amount of HK\$18,699,000 due from the Group to the Guarantor’s Group was written down to zero during the year ended 31 December 2005 which was reflected in the impairment losses on trade and receivables during the year ended 31 December 2005. During the period from 1 January 2006 to 30 September 2006, the Guarantor’s Group has made further advances to the Group. As at 30 September 2006, the amount due from the Group to the Guarantor’s Group amounted to approximately HK\$4.25 million. Further information on the investment cost of the Guarantor’s Group in the Group will be set out in the circular to be sent to FinTronics’ shareholders.

It is expected that FinTronics will record a book gain of approximately HK\$4.5 million as a result of the disposal of the Sale Shares which represents the difference between the Consideration (being HK\$8.75 million) and the Indebtedness amounting to approximately HK\$4.25 million as appeared on the books of the Guarantor’s Group as at 30 September 2006 which have been waived by the Guarantor’s Group pursuant to the terms and conditions of the S&P Agreement.



FinTronics intends to use the net proceeds from the disposal of the Sale Shares as the general working capital of the Guarantor's Group.

The proposed sale of the Sale Shares constituted a discloseable transaction for FinTronics under Chapter 14 of the Listing Rules. A circular containing further details of the S&P Agreement will be despatched to the shareholders of FinTronics as soon as possible.

The Purchaser and its ultimate beneficial owner are third parties independent of Fintronics and connected persons of FinTronics.

#### INFORMATION ON THE COMPANY

The Company, incorporated in Cayman Islands with limited liability, and its issued Shares are listed on GEM. The Group is information localization services provider principally engaged in the software development in Hong Kong and Mainland China.

Based on the annual reports of the Company, the unaudited net loss attributable to equity holders of the Company for the year ended 31 December 2004 and 2005 was as follows:

	<b>For the year ended 31 December 2005</b>	For the year ended 31 December 2004
Net loss (before taxation and extraordinary items)	<b>HK\$39,453,233</b>	HK\$25,983,352
Net loss (after taxation and extraordinary items)	<b>HK\$39,458,955</b>	HK\$25,983,725

The unaudited consolidated net asset value of the Group as at 30 June 2006 was approximately HK\$8,938,000. Based on unaudited consolidated financial statement of the Group for the nine months ended 30 September 2006, the net loss attributable to equity holders of the Company for the same period was approximately HK\$4.5 million.

The following table sets out the shareholding structure of the Company as at the date of this announcement and after the Completion but before the Offers:

	<b>As at the date of this announcement</b>		<b>After the Completions and before the Offers</b>	
	<i>Number of Shares</i>	<i>% (approx.)</i>	<i>Number of Shares</i>	<i>% (approx.)</i>
The Vendor	64,355,828	32.18%	0	0%
The Offeror and its concert parties	0	0%	64,355,828	32.18%
Public	135,644,172	67.82%	135,644,172	67.82%
<b>Total</b>	<b>200,000,000</b>	<b>100.00%</b>	<b>200,000,000</b>	<b>100.00%</b>

## INFORMATION ON THE OFFEROR AND ITS INTENTION REGARDING THE COMPANY

The Offeror is incorporated in the British Virgin Islands on 12 September 2006, has not commenced carrying on any business and is an investment holding company. The shareholders of the Offeror and their respective shareholding percentage are set out in the following table:

Shareholder	Shareholding Percentage
Wen Chen	4.17%
Tinna Chan Yee	14.16%
David Cigar Yee	14.17%
Syed Waliuddin Ahmed	14.17%
Syeda Bakhtiar	14.17%
Frank Wai Kah Yee	15.00%
Stephen Yee	24.16%
	<hr/>
Total	100.00%
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Ms. Tinna Chan Yee and Mr. Syeda Bakhtiar are the two directors of the Offeror. Mr. David Cigar Yee, Mr. Frank Wai Kah Yee and Mr. Stephen Yee are brothers. Ms. Tinna Chan Yee and Ms. Wen Chen are the wife of Mr. David Cigar Yee and Mr. Stephen Yee respectively. Syed Waliuddin Ahmed and Syeda Bakhtiar are husband and wife of another family.

It is the intention of the Offeror that the existing principal activities of the Group will remain unchanged and the Offeror has currently no intention to make any material changes to the employees or management of the Group or to dispose of any material assets or businesses of the Group other than in its ordinary course of business and has currently no intention to inject any material assets or businesses into the Group as at the date of this announcement.

As at the date of this announcement, neither the Offeror, its beneficial owners nor parties acting in concert with any of them holds any shares or any options, warrants, derivatives or securities convertible into Share. Neither the Offeror, its beneficial owners nor parties acting in concert with any of them has dealt in any shares or any options, warrants, derivatives or securities convertible into Share during the period commencing on the date falling six months prior to the date of the S&P Agreement and up to the date of this announcement.

Meanwhile, the Offeror will conduct a review of business operation and financial position of the Group for the purpose of formulating business plans and strategies for streamlining the existing business operation and improve the financial position of the Group and for the future business development of the Group. Subject to the result of the review and should suitable investment or business opportunities arises, the Offeror may consider diversifying the business of the Group with an objective to broaden its income source. However, no such investment or business opportunities have been identified at this stage.

## MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror has no intention to privatize the Company. The Offeror intends to maintain the listing of the Shares on GEM. The Company, the Directors and the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the Shares will be held by the public at all times.

The Stock Exchange has indicated that if, upon closing of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend trading in the Shares.

The Stock Exchange has also stated that, if the Company remains a listed company, any future injections of assets into or disposals of assets of the Company will be subject to the provisions of the GEM Listing Rules. Pursuant to the GEM Listing Rules, the Stock Exchange has discretion to require the Company to issue a circular to its shareholders where any acquisition or disposal by the Company is proposed, irrespective of the size of such acquisition or disposal and in particular where such acquisition or disposal represents a departure from the principal activities of Company. The Stock Exchange also has the power pursuant to the GEM Listing Rules, to aggregate a series of acquisitions or disposals by the Company and any such acquisitions or disposals may, in any event, result in the Company being treated as a new applicant for listing and subject to the requirements for new applicants as set out in the GEM Listing Rules.

### **GENERAL INFORMATION**

Pursuant to the Takeovers Code, within 21 days after the date of this announcement or such later date as the Executive may approve, the Offeror and its concert parties are required to despatch an offer document in relation to the Offers. The Offeror and the Company intend to combine the offer document and the Company's board circular and despatch such composite document to the Shareholders and the Optionholders, setting out, inter alia, the terms of the Offers, information on the Group, the letter from the independent board committee of the Company containing its recommendation and advice to the Independent Shareholders in respect of the Offers and the letter from the independent financial adviser containing its recommendation and advice to the independent board committee of the Company in respect of the Offers, together with forms of acceptance and transfer and cancellation, within such period. Veda Capital was appointed by the Company after entering into of the S&P Agreement to advise the independent board committee of the Company in respect of the Offers.

An independent board committee of the Company, comprising Wang Tian Ye, Xu Shi Hong and Wang Bin, all being independent non-executive Directors of the Company, has been formed to advise the Independent Shareholders on the Offers. The independent board committee of the Company has approved the appointment of Veda Capital as the independent financial adviser in relation to the Offers.

Associates of the Company and the Offeror are reminded to disclose their dealings in the Shares.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities of the Company on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and those clients are willing to comply with them. Principal traders and dealers, who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules pursuant to the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquires. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

At the request of the Company, trading in the Shares on GEM was suspended with effect from 9:30 a.m. on 24 November 2006 pending publication of this announcement. The Company wishes to clarify that the Company mistakenly stated the reason for the suspension request made by the Company on 24 November 2006 was for the purpose of pending the issue of an announcement relating to a discloseable transaction of the Company which constituted a price sensitive information. The Company confirms that the suspension of trading in the Shares since 9:30 a.m. on 24 November 2006 was solely for the purpose of publication of this announcement. The Company further confirms that save for the matters disclosed in this announcement, there is no negotiations or agreements for any transactions which is discloseable under the GEM Listing Rules or which is or may be of a price sensitive nature. Application has been made by the Company for the resumption of trading in the Shares on GEM with effect from 9:30 a.m. on 4 December 2006.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Board”	the board of directors of the Company from time to time
“Business Day”	a day (other than a Saturday or Sunday and days on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	SJTU Sunway Software Industry Limited, incorporated in Cayman Islands with limited liabilities and the issued Shares of which is listed on GEM
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of this S&P Agreement
“Completion Date”	subject to satisfaction and/or waiver of all conditions set out, the date falling on the second Business Day after all the conditions set out have been fulfilled or waived or such other date as may be agreed between the parties
“Consideration”	HK\$8.75 million
“Dollars” or the sign “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Encumbrance”	any mortgage, charge, pledge, lien, (otherwise than arising by statute or operation of law), equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same

“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of such Executive Director
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Grand Vinco”	Grand Vinco Capital Limited, one of the joint financial advisers to the Offeror
“Group”	the Company and its subsidiaries
“Group A Options”	an aggregate of 6,000,000 options granted under the Share Option Scheme having an exercisable period from 10 October 2005 to 9 October 2015 at an exercise price of HK\$0.14 per Share which remain outstanding as at the date of the announcement
“Group B Options”	an aggregate of 2,000,000 options granted under the Share Option Scheme having an exercisable period from 17 January 2005 to 16 January 2015 at an exercise price of HK\$0.45 per Share which remain outstanding as at the date of this announcement
“Guarantor” or “FinTronics”	FinTronics Holdings Company Limited, (Stock Code 0706), a company whose issued shares are listed on the Main Board of the Stock Exchange
“Guarantor’s Group”	the Guarantor and its subsidiaries, associates, affiliated companies, including the Vendor but excluding members of the Group
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Indebtedness”	all the loans, advances, obligations, indebtedness and moneys owed by any member of the Group to any member of the Guarantor’s Group amounted to approximately HK\$22 million as at the date of the S&P Agreement. The Indebtedness was waived by the Guarantor’s Group and the execution of the Waivers have been approved by the directors of the relevant members of the Guarantor’s Group before the entering into of the S&P Agreement. No consideration has been or will be received by the Guarantor’s Group for the execution of the Waivers.
“Last Trading Day”	23 November 2006
“Legal Proceedings”	together: (a) High Court Action No.2939 of 2004 instituted by Salt & Light Development Inc. and Exclusive Investments Limited against the Company; and (b) High Court Action No.2992 of 2004 instituted by Salt & Light Development Inc., Exclusive Investments Limited and Beauhorse Professional Translation Limited against the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	15 February 2007, being the date falling 90 days after the date of S&P Agreement or such other date as the parties thereto may agree

“Nuada”	Nuada Limited, one of the joint financial advisers to the Purchaser
“Offers”	the mandatory conditional cash offer to be made by the Grand Vinco on behalf of the Purchaser (subject to Completion) to the Shareholders and Optionholders (other than the Purchaser and parties with whom the Purchaser are acting in concert (as defined in the Code) for their Shares or Options in compliance with the Code including the Option Offer A and the Option Offer B
“Optionholders”	holders of the Group A Options and/or the Group B Options
“Options”	collectively, the Group A Options and the Group B Options
“Option Offer A”	to cancel the Group A Options at the offer price of HK\$1.00 per grantee
“Option Offer B”	to cancel the Group B Options at the offer price of HK\$1.00 per grantee
“PRC”	the People’s Republic of China, which for the purpose of this S&P Agreement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchaser” or “Offeror”	S&D Holdings Group Limited
“S&P Agreement”	the agreement dated 23 November 2006 and entered into between the Purchaser, the Vendor and the Guarantor for the sale and purchase of the Sale Shares
“Sale Shares”	the 64,355,828 Shares beneficially owned by the Vendor representing approximately 32.18% of the entire issued share capital of the Company as at the date of this announcement
“SFC”	the Securities and Futures Commission of Hong Kong
“Share Option Scheme”	the share option scheme adopted by the Company on 25 November 2003 and became effective upon the listing of the Shares on GEM on 9 January 2004
“Shareholders”	the holders of Shares
“Shares”	shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers, as amended from time to time
“Veda Capital”	the independent financial adviser appointed by the Company to advise the independent board committee of the Company in respect of the Offers
“Vendor”	Futart Industry Company Limited, a wholly owned subsidiary of the Guarantor



“Waivers”

the deeds of waiver dated 23 November 2006 in relation to the Indebtedness executed by the relevant members of the Group and the Guarantor’s Group pursuant to which all the Indebtedness owed by any member of the Group to any member of the Guarantor’s Group have been waived absolutely by the member of the Guarantor’s Group, and such deeds of waiver were executed prior to the entering into of the S&P Agreement by the parties thereto

“Warranties”

the representations, warranties and indemnities given by the Vendor under the S&P Agreement

By Order of the board of  
**S&D Holdings Group Limited**  
**Tinna Chan Yee**  
Director

By Order of the Board of  
**SJTU Sunway Software Limited**  
**Sze Wai, Marco**  
Chairman

By Order of the Board of  
**FinTronics Holdings Company Limited**  
**Sze Wai, Marco**  
Chairman

Hong Kong, 1 December 2006

*As at the date of this announcement, the Board comprises four executive Directors namely Sze Wai, Marco, Chen Si Gen, Shang Guan Bu Yan and Tan Shu Jiang, and three independent non-executive Directors namely Wang Tian Ye, Wang Bin and Xu Shi Hong.*

*As at the date of this announcement, the board of directors of FinTronics comprises four executive directors, namely Sze Wai, Marco, Chu Chi Shing, Song Jing Sheng and Gu Peijian and three independent non-executive directors, namely Wong Po Yan, Mao Zhenhua and Chong Yiu Kan, Sherman.*

*The Board of the Offeror accepts full responsibility for the accuracy of the information contained in this announcement (other than that in relation to the Group and FinTronics) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement (other than that in relation to the Group and FinTronics) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than that in relation to the Group and FinTronics) the omission of which would make any of the statements in this announcement misleading.*

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that in relation to the Offeror and parties acting in concert with it and FinTronics) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any of the statements in this announcement misleading.*

*The directors of and FinTronics jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that in relation to the Offeror and parties acting in concert with it and that in relation to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any of the statements in this announcement misleading.\*

*This announcement will remain on the page of “Latest Company Announcements” on the GEM website for at least 7 days from the date of its posting.*

Please also refer to the published version of this announcement in China Daily.