



## **SJTU Sunway Software Industry Limited**

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

**(Stock code: 8148)**

### **PROPOSED RIGHTS ISSUE OF NEW SHARES ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY FOUR EXISTING SHARES HELD ON THE RECORD DATE AND RESUMPTION OF TRADING**

**Financial adviser to SJTU Sunway Software Industry Limited**



**Grand Vinco Capital Limited**

**Underwriter to the Rights Issue**



**S&D Holdings Group Limited**

#### **PROPOSED RIGHTS ISSUE**

The Company proposes to raise approximately HK\$6,650,000 million before expenses, by way of Rights Issue of new Shares, which is 50,000,000 Rights Shares at a price of HK\$0.133 per Rights Share on the basis of one Rights Share for every four existing Shares held on the Record Date and payable in full on acceptance.

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, all transfers of Shares must be lodged for registration with the Registrar by 4:00 p.m. on Monday, 19 March 2007 and the Shareholders must not be Prohibited Shareholders. The register of members of the Company will be closed from Tuesday, 20 March 2007 to Monday, 26 March 2007, both dates inclusive, to determine the eligibility of the Shareholders to the Rights Issue. Qualifying Shareholders are entitled to apply for excess Rights Shares not taken up in excess of their respective entitlements under the Rights Issue. The Rights Issue will not be extended to the Prohibited Shareholders.

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite all the Rights Shares which have not been taken up. Accordingly, the Rights Issue is fully underwritten.

The estimated net proceeds from the Rights Issue will be approximately HK\$5.05 million (net of expenses of approximately HK\$1.6 million). The Board intends to apply the net proceeds as general working capital of the Group.

## **WARNING OF THE RISK OF DEALING IN THE SHARES**

The Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed “Termination of the Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not proceed.

The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

The Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Friday, 16 March 2007 and that dealings in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be on Thursday, 19 April 2007), will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

## **GENERAL**

The Company will send the Prospectus Documents to the Qualifying Shareholders and, the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders as soon as practicable.

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in Shares on the Stock Exchange has been suspended from 10:00 a.m. on Monday, 26 February 2007 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on Wednesday, 28 February 2007.

## **PROPOSED RIGHTS ISSUE**

### **Issue statistics**

Basis of the Rights Issue	:	One Rights Share for every four existing Shares held on the Record Date and payable in full on application
Subscription Price	:	HK\$0.133 per Rights Share
Number of Shares in issue as at the date of this announcement	:	200,000,000 Shares
Number of Rights Shares	:	50,000,000 Rights Shares
Number of Rights Shares underwritten by the Underwriter	:	Pursuant to the Underwriting Agreement, the Underwriter have conditionally agreed to underwrite 15,863,543 Rights Shares
Number of Shares in issue upon completion of the Rights Issue	:	250,000,000 Shares

As at the date of this announcement, there were no outstanding options, warrants, derivatives or convertible securities which may confer any right to the holder thereof to subscribe for, convert or exchange into new Shares. Pursuant to the Underwriting Agreement, the Company has undertaken that it shall not issue any Shares or issue or grant any share options or other securities which carry rights to acquire Shares (other than the Rights Shares) from the date of the Underwriting Agreement until the Latest Time for Termination.

## **Qualifying Shareholders**

The Rights Issue is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents and (ii) the Application Forms to the Qualifying Shareholders and (iii) the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders. To qualify for the Rights Issue, the Shareholders must at the close of business on the Record Date:

- (i) be registered on the register of members of the Company; and
- (ii) not being Prohibited Shareholders.

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer of the Shares (with the relevant share certificates) for registration with the Registrar by 4:00 p.m. on Monday, 19 March 2007. The address of the Registrar is:

**Tengis Limited**  
26/F., Tesbury Centre  
28 Queen's Road East, Wanchai, Hong Kong

## **Application for excess Rights Shares**

Qualifying Shareholders are entitled to apply for any entitlements of Prohibited Shareholders, any Rights Shares created from the aggregation of fractions of Rights Shares and any Rights Shares provisionally allotted but not accepted by completing the form of application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for.

The Directors will allocate the excess Rights Shares at their discretion, on a fair basis by reference to the number of excess Rights Shares applied for by each Qualifying Shareholder, but will give preference to topping-up odd lots to whole board lots.

The Shareholders with the Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually. The Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

## **Undertakings by the Underwriter**

As at the date of this announcement, the Underwriter is beneficially interested in 136,545,828 Shares, representing approximately 68.27% of the existing issued share capital of the Company. The Underwriter has given irrevocable undertakings to the Company that the Shares directly or indirectly and beneficially owned by it will remain registered in its name and to accept or procure acceptance of its entitlements to 34,136,457 Rights Shares which will be provisionally allotted to it as the holder of such Shares under the Rights Issue.

## **Closure of register of members**

The register of members of the Company will be closed from Tuesday, 20 March 2007 to Monday, 26 March 2007, both dates inclusive, to determine the eligibility of the Rights Issue. No transfer of Shares will be registered during this period.

## **Subscription Price**

The Subscription Price for the Rights Shares is HK\$0.133 per Offer Share, payable in full on application.

The Subscription Price represents:

- (i) a discount of approximately 28.11% to the closing price of HK\$0.185 per Share as quoted on the Stock Exchange on Friday, 23 February 2007, being the last trading day before the date of this announcement;
- (ii) a discount of approximately 24.00% to the theoretical ex-entitlement price (being the average price per Share of the Subscription Price for one Rights Share and the aforesaid closing price for four existing Shares) of approximately HK\$0.175 per Share;

- (iii) a discount of approximately 23.56% to the average closing price of HK\$0.174 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including Friday, 23 February 2007;
- (iv) a discount of approximately 21.76% to the average closing price of HK\$0.170 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including Friday, 23 February 2007; and
- (v) a premium of approximately 198.88% over the unaudited net asset value per Share of approximately HK\$0.0445 with reference to the unaudited net asset value of the Group of approximately HK\$8.9 million as at 30 June 2006 as shown in the interim report 2006 of the Company for the six months ended 30 June 2006 and 200,000,000 Shares in issue as at the date of this announcement.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriters with reference to, among other things, the low net asset value per Share of the Group as at 30 June 2006 and the recent financial conditions of the Group. As disclosed in the Company's third quarterly report 2006 for the nine months ended 30 September 2006, the net loss of the Group attributable to Shareholders for the nine months ended 30 September 2006 amounted to approximately HK\$4,449,000. In view of the recent financial conditions of the Group as mentioned above and taking into consideration of the theoretical ex-entitlement price per Share, in order to increase the attractiveness of the Rights Issue to the Qualifying Shareholders, the Directors consider that the proposed discount of the Subscription Price is appropriate. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors consider the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

#### **Basis of provisional allotment**

The basis of the provisional allotment shall be one Right Share for every four existing Shares, being 50,000,000 Rights Shares, at a price of HK\$0.133 per Rights Share. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

#### **Status of the Rights Shares**

The Rights Shares (when allotted, fully paid and issued) will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares.

#### **Fractions of Rights Shares**

The Company will not allot fractions of the Rights Shares. Any Rights Shares created from the aggregation of fractions of Rights Shares will be taken up by the Underwriter and/or by the Qualifying Shareholders who have applied for the excess Rights Shares.

#### **Certificates of the fully-paid Rights Shares and refund cheques**

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the Rights Shares are expected to be posted on or before Monday, 23 April 2007 to those entitled thereto by ordinary post at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares are also expected to be posted on or before Monday, 23 April 2007 by ordinary post at their own risk.

#### **Rights of the Overseas Shareholders**

If, at the close of business on the Record Date, a Shareholder's address on the register of members of the Company is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Rights Issue as the Prospectus Documents will not be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong and the Cayman Islands. The Board will make enquiries to its lawyers as to whether the issue of Rights Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange pursuant to Rule 17.41 of the GEM Listing Rules. If, after making such enquiries, the Board is of the opinion that it would be necessary or expedient not to offer Rights Shares to such Overseas Shareholders, the Rights Issue will not be available to such Overseas Shareholders.

## **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. The nil-paid Rights Shares shall have the same board lot size as the Shares, i.e. 10,000 Shares in one board lot. Dealing in the Rights Shares will be subject to the payment of stamp duty in Hong Kong.

## **UNDERWRITING ARRANGEMENTS**

### **Underwriting Agreement**

Date	:	23 February 2007
Underwriter	:	S&D Holdings Group Limited, a substantial shareholder holding as at the date of this announcement 136,545,828 Shares approximately 68.27% of the total issued share capital of the Company
Number of Rights Shares underwritten	:	Pursuant to the Underwriting Agreement, the Underwriter have conditionally agreed to underwrite 15,863,543 Rights Shares
Commission	:	HK\$1 in aggregate

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite the Rights Shares which have not been taken up. Accordingly, the Rights Issue is fully underwritten. The Underwriter does not underwrite securities in its normal course of business.

The commission amounted HK\$1 payable to the Underwriter is nominal and is considered to be a term better than what the current market could offer.

### **Termination of the Underwriting Agreement**

**The Underwriting Agreement contains provisions entitling the Underwriter, by notice in writing, to terminate its obligations thereunder if at any time prior to the Latest Time for Termination:**

- (a) **in the sole and absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:**
- (i) **the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or**
  - (ii) **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 hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or**
  - (iii) **any material adverse change in the business or in the financial or trading position of the Group as a whole; or**
- (b) **any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the sole and absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or**

- (c) there is any change in the circumstances of the Company or any member of the Group which in the sole and absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (d) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue, or
- (e) the Prospectus or announcements of the Company published since the date of the Underwriting Agreement when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the sole and absolute opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it,

The Underwriter shall at its sole and absolute discretion be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (a) any material breach of any of the warranties or undertakings comes to the knowledge of the Underwriter; or
- (b) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

If prior to the Latest Time for Termination any such notice as is referred to above is given by the Underwriter, the obligations of all parties under the Underwriting Agreement (save in respect of rescission and termination of the Underwriting Agreement) and the indemnity which shall remain in full force and effect and save further that the Company shall pay the fees and expenses.

If the Underwriting Agreement is terminated by the Underwriter at such time before the Latest Time for Termination but after the Underwriter has in accordance with Latest Time for Acceptance paid or procured payment to the Company of the aggregate Subscription Price in respect of the Underwritten Shares for which it is obliged to subscribe or procure subscription, the Company shall, not later than the end of the second business day after (but not including) the date of receipt of the notice of termination issued by the Underwriter, remit to the Underwriter such amount of aggregate Subscription Price which it has received from the Underwriter referred to by cheque or cashier order. For the avoidance of doubt, notwithstanding the payment of any sum by or on behalf of the Underwriter to the Company, fees and expenses incurred in any event shall not be payable.

Rescission or termination of the Underwriting Agreement shall be without prejudice to any rights of any party in respect of any breach by the other prior to such rescission or termination.

#### **Conditions of the Underwriting Agreement**

The Underwriting Agreement is conditional upon:

- (a) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and otherwise in compliance with the GEM Listing Rules and the Companies Ordinance;
- (b) the posting of the Prospectus Documents to Qualifying Shareholders on the Prospectus Posting Date;
- (c) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms) by no later than the Prospectus Posting Date;

- (d) compliance with and performance of all the undertakings and obligations of the Company; and
- (e) compliance with and performance of all the undertakings and obligations of the Underwriter.

In the event of the above conditions not being satisfied and/or waived in whole or in part by the Underwriter by the Latest Time for Acceptance, the Underwriting Agreement shall terminate and the Rights Issue shall not proceed. All the conditions set out above cannot be waived.

#### WARNING OF THE RISK OF DEALING IN THE SHARES

The Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed “Termination of the Underwriting Agreement” above). Accordingly, the Rights Issue may or may not proceed.

The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

The Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Friday, 16 March 2007 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be on Thursday, 19 April 2007), will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

#### SHAREHOLDING STRUCTURE OF THE COMPANY

The following is the shareholding structure of the Company immediately before and after completion of the Rights Issue:

	As at the date of this Announcement		Immediately after completion of the Rights Issue (assuming all Qualifying Shareholders take up their respective entitlements under the Rights Issue)		Immediately after completion of the Rights Issue (assuming no Qualifying Shareholders takes up his/her/its entitlements under the Rights Issue)	
	Shares	% (approx.)	Shares	% (approx.)	Shares	% (approx.)
S&D Holdings Group Limited	136,545,828	68.27	170,682,285	68.27	186,545,828	74.62
Public Shareholders	63,454,172	31.73	79,317,715	31.73	63,454,172	25.38
<b>Total</b>	<b>200,000,000</b>	<b>100.00%</b>	<b>250,000,000</b>	<b>100.00%</b>	<b>250,000,000</b>	<b>100.00%</b>

The Company will ensure compliance with the public float requirements under Rule 11.23 of the GEM Listing Rules upon completion of the Rights Issue.

#### REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Company, incorporated in the 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.

The Group has suffered a consolidated loss of approximately HK\$39.46 million for the year ended 31 December 2005. The Group intends to strengthen its financial position by the Rights Issue, which will enable the Company to expand its capital base. In addition, the Rights Issue allows the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and participate in the future growth and development of the Company. The Directors therefore consider that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

The estimated net proceeds from the Rights Issue will be approximately HK\$5.05 million (net of expenses of approximately HK\$1.6 million). The Board intends to apply the net proceeds as general working capital of the Group. The estimated expense in relation to the Rights Issue, including financial, legal and other professional advisory fees, underwriting commission, printing and translation

expenses, of approximately HK\$1.6 million, will be borne by the Company. Having considered other fund raising alternatives for the Group, including bank borrowings and placing of new Shares, and taking into account the benefits and cost of each of the alternatives, the Rights Issue allows the Group to strengthen its balance sheet without facing the increasing interest rates. The Board considers that the Rights Issue is in the interest of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.**

#### **FUND RAISING ACTIVITIES OF THE COMPANY IN THE LAST 12 MONTHS IMMEDIATELY BEFORE THE DATE OF THIS ANNOUNCEMENT**

The Company has not conducted any fund raising activities during the past 12 months immediately before the date of this announcement.



## EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below:

2007

Last day of dealings in the Shares on a cum-entitlement basis .....	Thursday, 15 March
Commencement of dealings in the Shares on an ex-entitlement basis .....	Friday, 16 March
Latest time for lodging transfers of Shares in order to qualify for the Rights Issue .....	4:00 p.m. on Monday, 19 March
Register of members closes (both dates inclusive) .....	Tuesday, 20 March to Monday, 26 March
Record Date .....	Monday, 26 March
Register of members reopens .....	Tuesday, 27 March
Despatch of Prospectus Documents .....	Tuesday, 27 March
First day of dealings in nil-paid Rights Shares .....	Thursday, 29 March
Latest time for splitting of nil-paid Rights Shares .....	4:00 p.m. on Tuesday, 3 April
Last day of dealings in nil-paid Rights Shares .....	Wednesday, 11 April
Latest time for the payment for and acceptance of the Rights Shares .....	4:00 p.m. on Monday, 16 April
Latest time for the Rights Issue to become unconditional .....	4:00 p.m. on Thursday, 19 April
Announcement of the results of the Rights Issue .....	Friday, 20 April
Despatch of Share certificates for the Rights Shares .....	Monday, 23 April
Dealings in Rights Shares commence .....	Wednesday, 25 April

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

Shareholders should note that completion of the Underwriting Agreement is conditional and may or may not proceed. Shareholders and potential investors of the Company should exercise extreme caution when dealing in the Shares.

## GENERAL

The Company will send the Prospectus Documents to the Qualifying Shareholders and, the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders as soon as practicable.

## SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in Shares on the Stock Exchange has been suspended from 10:00 a.m. on Monday, 26 February 2007 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on Wednesday, 28 February 2007.

## DEFINITIONS

“Application Forms”	PAL and the form of application for excess Rights Shares
“Board”	board of Directors
“Business day”	any day (other than Saturday), on which banks in Hong Kong are open for business
“Company”	SJTU Sunway Software Industry Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Lodging Date”	being 4:00 p.m. on 19 March 2007 as the latest time for lodging transfer of Share and/or exercising Options in order to qualify for the Rights Issue
“Latest Time for Acceptance”	4:00 p.m. on 16 April 2007 or such later time or date as may be agreed by the Company (on behalf of the Underwriter), being the latest time for acceptance of, and payment for, the Rights Shares
“Latest Time for Termination”	4:00 p.m. on the third business day after the Latest Time for Acceptance or such later time or date as may be agreed by the Company (on behalf of the Underwriters), being the latest time to terminate the Underwriting Agreement
“Rights Share(s)”	50,000,000 new Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of one Rights Share for every four existing Shares held on the Record Date and payable in full on application pursuant to the Rights Issue
“Rights Issue”	the proposed issue of the Rights Shares by way of rights issue to the Qualifying Shareholders on the terms to be set out in the Prospectus Documents and summarised herein
“Overseas Letter”	a letter from the Company to the Prohibited Shareholders explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Rights Issue
“Overseas Shareholders”	the Shareholders with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date
“PAL”	the provisional allotment letter(s) to be issued for use by the Qualifying Shareholder(s) to apply for the Rights Issue
“Prohibited Shareholder(s)”	those Overseas Shareholder(s) to whom the Board, after making enquires, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Rights Shares to them
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the form of application for excess Rights Shares
“Qualifying Shareholders”	the Shareholders, other than the Prohibited Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	26 March 2007, being the date by reference to which entitlements to the Rights Issue will be determined
“Registrar”	Tengis Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, being the Company’s Hong Kong branch share registrar
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription Price”	the subscription price of HK\$0.133 per Rights Share
“Underwriter”	S&D Holdings Group Limited, a substantial shareholder holding as at the date of this announcement 136,545,828 Shares approximately 68.27% of the total issued share capital of the Company
“Underwriting Agreement”	the underwriting agreement dated 23 February 2007 entered into between the Company and the Underwriter in relation to the Rights Issue
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board  
**SJTU Sunway Software Industry Limited**  
**Tinna Chan Yee**  
*Executive Director*

Hong Kong, 27 February 2007

*As at the date of this announcement, the Board comprises Ms. Tinna Chan Yee and Ms. Syeda Bakhtiar and Mr. Tan Shu Jiang being executive Directors; and Mr. Wang Tian Ye, Mr. Wang Bin and Mr. Xu Shi Hong being independent non-executive Directors.*

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

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