

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.*

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **AKuP International Holding Limited**

**艾克國際控股有限公司\***

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

### **DISCLOSEABLE TRANSACTION INVOLVING CASH CONSIDERATION**

**in respect of the acquisition of 6% interest in  
the issued share capital of Beijing ZYD Software Co., Ltd.**

The Board is pleased to announce that on 21 December 2001, the Company has entered into the Acquisition Agreement with Jiangsu Zongyi, under which and subject to certain terms and conditions thereof, the Company agrees to acquire 6% interest in the issued share capital of Beijing ZYD for an aggregate consideration of HKD8 million, representing a premium of approximately HKD7.2 million to 6% interest of the unaudited net tangible assets of Beijing ZYD as at 30 June 2001.

HKD8 million, being 100% of the Consideration, will be payable by way of cash within 5 business days after Completion.

Established in July 2000, Beijing ZYD is principally engaged in the development and provision of Web-based e-commerce management software products. Beijing ZYD's head office is located in Beijing and it has set up research and development centres in Beijing and Nanjing and representative offices in Shanghai and Guangzhou.

Jiangsu Zongyi is a company listed on the Shanghai Stock Exchange and principally engaged in the production and distribution of clothes, wood products and beverage. Jiangsu Zongyi also participates in other businesses including telecommunications, e-commerce, computer training and software development.

The Consideration represents approximately 19% of the adjusted net tangible assets of the Company as at 30 September 2001. The Acquisition constitutes a discloseable transaction under Chapter 19 of the GEM Listing Rules. The Circular will be despatched to the shareholders of the Company as soon as practicable on or before 14 January 2002.

The Group has accelerated the use of proceeds in business expansion because the Directors believe that forming a strategic alliance with Beijing ZYD will assist the Group in achieving its business objectives in research and development of new software products and technologies, marketing and promotion of its products, and business expansion in the PRC.

The Board is pleased to announce that on 21 December 2001, the Company has entered into the Acquisition Agreement with Jiangsu Zongyi, under which and subject to certain terms and conditions thereof, the Company agrees to acquire 6% interest in the issued share capital of Beijing ZYD for an aggregate consideration of HKD8 million, representing a premium of approximately HKD7.2 million to 6% interest of the unaudited net tangible assets of Beijing ZYD as at 30 June 2001.

## **ACQUISITION AGREEMENT**

Date: 21 December 2001

Purchaser: the Company

Vendor: Jiangsu Zongyi

### **Major terms of the Acquisition Agreement**

The Company agrees to acquire 6% interest in the issued share capital of Beijing ZYD from Jiangsu Zongyi for the Consideration.

### **Consideration**

The total consideration for the Acquisition is HKD8 million. The Consideration is funded by the proceeds from the placing of new shares in the Company in November 2001. The Consideration shall be payable in full within 5 business days after the date on which the conditions precedent set out in the Acquisition Agreement are fulfilled.

The Consideration was arrived at after arm's length negotiations and based on certain criteria, such as the Company's internal evaluation of the financial performance, business profile, future prospects and shareholding background of Beijing ZYD.

In the process of negotiating the Consideration with Jiangsu Zongyi, the Directors have taken into consideration of the respective costs and time to be saved by making use of the distribution network, customer base and research and development facilities of Beijing ZYD in the PRC. The Directors have also assessed the future benefits arising from forming a strategic alliance with Beijing ZYD in determining the Consideration.

### **Conditions precedent of the Acquisition**

Completion is subject to and conditional upon, inter alia, the satisfaction of the following conditions:

- (a) Board approval of the Company being obtained with respect to the Acquisition;
- (b) Board approval of Jiangsu Zongyi being obtained with respect to the Acquisition;
- (c) Shareholders' approval of Beijing ZYD being obtained with respect to the Acquisition;
- (d) Undertakings from Beijing ZYD being obtained with respect to the Acquisition.

### **UNDERTAKINGS FROM BEIJING ZYD**

As one of the conditions precedent for Completion, Beijing ZYD has undertaken to the Company that:

- Beijing ZYD will offer a 40% discount on the market prices of all of its products being sold to the Company and its customers;
- Beijing ZYD will charge the Company at cost on the research and development projects of software products.

## **Completion**

Completion took place on 21 December 2001 when all the relevant conditions precedent have been fulfilled.

## **INFORMATION ON BEIJING ZYD AND JIANGSU ZONGYI**

Established in July 2000, Beijing ZYD is principally engaged in the development and provision of Web-based e-commerce management software products. Beijing ZYD's head office is located in Beijing, and it has set up research and development centres in Beijing and Nanjing and representative offices in Shanghai and Guangzhou.

In August 2000, Beijing ZYD has launched a new network management software product named "e2000", which adopts the recent technology in the areas of Internet and intranet, Web-based platform and Java script programming.

The audited turnover of Beijing ZYD for the six months ended 31 December 2000 as reported under the PRC GAAP amounted to approximately RMB2.0 million (approximately HKD1.9 million) and the unaudited turnover for the six months ended 30 June 2001 amounted to approximately RMB8.0 million (approximately HKD7.5 million).

The audited loss before taxation and audited loss after taxation of Beijing ZYD for the six months ended 31 December 2000 as reported under the PRC GAAP amounted to approximately RMB1.1 million (approximately HKD1.07 million) and approximately RMB1.2 million (approximately HKD1.1 million) respectively.

The unaudited profit before taxation and unaudited profit after taxation of Beijing ZYD for the six months ended 30 June 2001 amounted to approximately RMB5.3 million (approximately HKD5.0 million) and approximately RMB4.4 million (approximately HKD4.1 million) respectively.

As at 30 June 2001, the unaudited net tangible assets of Beijing ZYD was approximately RMB13.9 million (approximately HKD13.1 million).

Jiangsu Zongyi is a company listed on the Shanghai Stock Exchange and principally engaged in the production and distribution of clothes, wood products and beverage. Jiangsu Zongyi also participates in other businesses including telecommunications, e-commerce, computer training and software development.

The Group has no business relationship with either Beijing ZYD or Jiangsu Zongyi before the Acquisition.

## **REASONS FOR ENTERING INTO THE ACQUISITION AGREEMENT**

The Directors believe that the Acquisition will achieve several business objectives of the Company at a cost lower than developing by itself alone in the PRC, including: (1) enhancement of research and development capabilities; (2) extension of the marketing and distribution network; (3) expansion of customer base; and (4) strengthening its operations in the PRC.

- the Group, in addition to its own research and development facilities, can make use of Beijing ZYD's research and development centres under the terms of the Undertakings; and
- Beijing ZYD has established an extensive marketing and distribution network in the PRC of which the Group can utilise to sell its CRM software products;
- Beijing ZYD, through the support of Jiangsu Zongyi, has build up a strong customer base and business connections in the PRC, in particular in retail, manufacturing and logistics industries, which can provide potential business opportunities to the Group;
- the Group can strengthen its operations in the PRC as Beijing ZYD has a thorough understanding of the local business culture and the market conditions of the IT industry in the PRC.

As disclosed in the Prospectus, the Group plans to use HKD8 million for strategic investments, business collaboration with and acquisition of other related IT companies. The Directors have modified the original time schedule on the intended use of proceeds for business expansion as disclosed in the Prospectus. Set out below is the time schedule as disclosed in the Prospectus and a revised time schedule on applying HK\$11 million for business expansion.

<b>Period</b>	<b>Original schedule as disclosed in the Prospectus (HKD million)</b>	<b>Revised schedule (HKD million)</b>
From the Latest Practicable Date to 31 December 2001	2	8
Six months ending 30 June 2002	3	2
Six months ending 31 December 2002	3	1
Six months ending 30 June 2003	<u>3</u>	<u>Nil</u>
<b>Total</b>	<b><u>11</u></b>	<b><u>11</u></b>

The Directors are of the view that the time schedule in making strategic investments depends, to a large extent, on potential investment opportunities available to the Company. The Group has accelerated the use of proceeds in business expansion because the Directors believe that forming a strategic alliance with Beijing ZYD will assist the Group in achieving its business objectives in research and development of new software products and technologies, marketing and promotion of its products, and business expansion in the PRC.

The Directors believe that, after Completion, the Group has sufficient funds for financing its business objectives as disclosed in the Prospectus.

## **GENERAL**

The Company began negotiation on the terms of the Acquisition Agreement with Jiangsu Zongyi on 12 December 2001.

The Directors consider that the Acquisition Agreement is entered into on normal commercial terms in the ordinary and usual course of business of the Group and that the terms of the Acquisition Agreement are fair and reasonable and in the interests of the Group so far as the shareholders are concerned.

The Consideration represents approximately 19% of the adjusted net tangible assets of the Company as at 30 September 2001, the Acquisition constitutes a discloseable transaction under Chapter 19 of the GEM Listing Rules. The Circular will be despatched to the shareholders of the Company as soon as practicable on or before 14 January 2002.

The Group is principally engaged in the design, development, sale and implementation of standardised eCRM software solutions and the provision of IT-related consulting and training services for commercial enterprises in Asia, namely Taiwan, the PRC, Hong Kong and Singapore.

## DEFINITIONS

- “Acquisition” means the acquisition by the Company of 6% interest in the issued share capital of Beijing ZYD from the Jiangsu Zongyi
- “Acquisition Agreement” means a conditional agreement entered into between Jiangsu Zongyi and the Company in respect of the Acquisition on 21 December 2001
- “Beijing ZYD” means 北京綜藝達軟件技術有限公司 (Beijing ZYD Software Co., Ltd.), a company incorporated in the PRC, which is independent from the Directors, chief executive, substantial shareholders or management shareholders of the Group or any of their respective associates as defined under the GEM Listing Rules. As at the date hereof, Beijing ZYD is owned as to approximately 70% by Jiangsu Zongyi and as to approximately 30% by an independent third party, Mr. Hao Li Hua. All the existing shareholders of Beijing ZYD are independent from the Directors, chief executive, substantial shareholders or management shareholders of the Group or any of their respective associates as defined under the GEM Listing Rules
- “Board” means the board of directors of the Company
- “Circular” means a circular containing the details of the Acquisition to be issued by the Company and despatched to the shareholders of the Company pursuant to the GEM Listing Rules

“Company”	means AKuP International Holding Limited, an exempted company incorporated in the Cayman Islands on 14 June 2000 with limited liability
“Completion”	means the completion of the sale and purchase of the Acquisition
“Completion Date”	means the date after all the relevant conditions precedent set out in the Acquisition Agreement are fulfilled
“Consideration”	means HKD8 million, being the consideration payable by the Company to Jiangsu Zongyi pursuant to the Acquisition Agreement
“CRM”/“eCRM”	an acronym for “customer relationship management”/“electronic customer relationship management”, a business strategy aiming to understand, anticipate and manage the needs of existing and prospective customers. It entails all aspects of interaction a company has with its customers
“Director(s)”	means the director(s) of the Company
“GEM”	means the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	means the Company and its subsidiaries
“HKD”	means Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC



“Jiangsu Zongyi”	means 江蘇綜藝股份有限公司 (Jiangsu Zongyi Co., Ltd.), a company incorporated in the PRC with limited liability which is independent from the Directors, chief executive, substantial shareholders or management shareholders of the Group or any of their respective associates as defined under the GEM Listing Rules. Jiangsu Zongyi is a company listed on the Shanghai Stock Exchange
“PRC”	means the People’s Republic of China
“PRC GAAP”	means the generally accepted accounting principles in the PRC
“Prospectus”	means the prospectus of the Company dated 30 October 2001
“RMB”	means Renminbi, the lawful currency of the PRC
“Singapore”	means the Republic of Singapore
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Undertakings”	being the undertakings as described under the section headed “UNDERTAKINGS FROM BEIJING ZYD”

By Order of the Board  
**AKuP International Holding Limited**  
**Hu Shin Min, Alex**  
*Chairman*

Hong Kong, 24 December 2001

*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 GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the day of its posting.*

\* for identification purposes only