

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

*The Stock Exchange 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)*

### **SHARE TRANSACTION PROPOSED ISSUE OF UNLISTED CONVERTIBLE BONDS DUE SEPTEMBER 2005**

#### **SUMMARY**

The Directors announce that the Company and the Subscribers entered into the Subscription Agreements dated 30th September 2002 pursuant to which the Subscribers have agreed to subscribe for the Bonds in an aggregate principal amount of HK\$6,250,000. The Bonds are convertible into Shares at a conversion price of HK\$0.20 per share subject to adjustment. The Bonds will not be listed on the Stock Exchange or any other stock exchange.

The terms of the Subscription Agreements were negotiated on an arm's length basis and the Directors consider that they are fair and reasonable so far as the Shareholders of the Company are concerned. The Directors are also of a view that the issue of the Bonds is in the interest of the Company and its Shareholders as a whole.

The maximum number of new Shares which may be issued upon full conversion of the Bonds based on the Conversion Price is 31,250,000, representing approximately 4.96 per cent. and approximately 4.72 per cent. of the existing issued share capital and the enlarged share capital respectively.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

The estimated net proceeds from the issue of the Bonds amount to approximately HK\$6.1 million, out of which as to approximately (i) HK\$2.5 million will be used for the expansion of the Group's operations in the PRC for sales and marketing activities; (ii) HK\$2 million will be used for research and development of customer relationship management solutions for corporate banking and (iii) HK\$1.6 million will be used for the general working capital of the Group.

The issue of the Bonds constitutes a share transaction under the GEM Listing Rules.

## **Introduction**

The Directors announce that on 30th September 2002, the Company entered into the Subscription Agreements with the Subscribers in connection with the issue of the Bonds in an aggregate principal amount of HK\$6,250,000.

## **Subscription Agreements**

Date: 30th September 2002

Subscribers: (1) Golden J&N; and  
(2) Sinopac Securities

Issuer: the Company

Subject to the fulfillment of the conditions in the Subscription Agreements, the Subscribers have agreed, amongst other things, to subscribe for the Bonds at their face value. Each of Golden J&N and Sinopac Securities, and each of their beneficial owners, are independent and not connected with the Company or the directors, chief executives, substantial shareholders or management shareholders of the Company or any of their respective associates. Neither Subscriber nor any of their beneficial owners presently holds any Share. They are not involved nor intended to involve in the management of the Company.

## **Conditions of the Subscription Agreements**

Completion of the Subscription Agreements is conditional upon, amongst other things:

- (a) the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Subscribers do not unreasonably object) listing of, and permission to deal in, the Conversion Shares; and

(b) the Stock Exchange having approved (either unconditionally or subject only to conditions to which the Subscribers do not unreasonably object) the issue of the Bonds, or the Company not having received any objection from the Stock Exchange to the issue of the Bonds.

## **Completion Date**

Completion of the Subscription Agreements shall take place at a place to be determined by the Subscribers and the Company at 3:00 p.m. on the third Business Day next following the date on which the Subscribers are notified in writing by the Company that all the conditions precedent set out in the Subscription Agreements have been fulfilled (or such other date as the Company and the Subscribers shall agree).

## **Principal Terms of the Bonds**

The principal terms of the Bonds are summarised as follows:

Issuer:	The Company
Principal amount:	HK\$6,250,000
Maturity date:	Three years after the date on which the Bonds are issued.
Issue price:	100 per cent. of the principal amount of the Bonds.
Interest:	The Bonds shall bear no interest.
Conversion date:	The conversion date in respect of a Bond (the "Conversion Date") must fall at a time when the Conversion Rights attaching to that Bond is expressed in the Conditions to be exercisable and will be deemed to be the business day in Hong Kong immediately following the date of the surrender of the certificate in respect of such Bond (the "Certificate") and due delivery of the relevant conversion notice and, if applicable, any payment to be made or indemnity given under the Conditions in connection with the exercise of such Conversion Rights.

Conversion rights:

Bondholders have the rights to convert the Bonds into Shares after 15 days from the Issue Date up to the close of business on the date which falls seven days prior to the Maturity Date (or if such date shall not be a business day, on the immediately preceding business day) or if such Bond shall have been called for redemption before the Maturity Date, then up to the close of business on the date which falls seven days prior to the date fixed for redemption thereof (or if such date shall not be a business day, on the immediately preceding business day). The number of Shares to be issued upon conversion of any Bond will be determined by dividing the principal amount of the Bonds to be converted by the Conversion Price in effect on the Conversion Date.

Conversion price:

The conversion price will as at the Issue Date be HK\$0.20 per Share (“the “Conversion Price”). The Conversion Price represents a discount of approximately 25% to the Closing Price of HK\$0.265 per Share as quoted on the Stock Exchange on 30th September 2002, being the date of the Subscription Agreements. The Conversion Price also represents a discount of approximately 14% to the average closing price of the Shares of HK\$0.233 per Share of the 10 dealing-day period ended on, and including, 30th September 2002. The Conversion Price will be subject to adjustment in certain circumstances (including, among other things, consolidation or sub-division of the Shares, capitalisation of profits or reserves, capital distribution and rights issue).

“Conversion Shares”:

the Shares to be issued by the Company under the Bonds (whether upon exercise by a Bondholder of the Conversion Rights). The maximum number of new Shares which may be issued upon full conversion of the Bonds based on the Conversion Price is 31,250,000.

Redemption at maturity:	Unless previously redeemed or purchased and cancelled or the Conversion Rights having been exercised in respect thereof, each Bond will be redeemed on the Maturity Date at 110.87% of its principal amount.
Redemption at the option of the Issuer:	At any time after 10 days from the Issue Date and before the end of 180 days from the Issue Date, the Issuer may, having given not less than three days' notice to the Bondholders (which notice will be irrevocable), redeem all or from time to time some only (in principal amounts of HK\$50,000 or an integral multiple thereof) of the Bonds at the price of HK\$0.26 per Conversion Share, the principal amount of HK\$50,000 is convertible into 250,000 Shares, based on the Conversion Price of HK\$0.20.
Redemption at the option of the Bondholders:	At any time after 180 days from the Issue Date and before the end of 270 days from the Issue Date, the Bondholders may, having given not less than three days' notice to the Issuer (which notice will be irrevocable), redeem all or from time to time some only (in principal amounts of HK\$50,000 or an integral multiple thereof) of the Bonds at a price equal to 102% of the principal amount of the Bonds to be redeemed.
	However, no such redemption may be made unless the weighted average Closing Price of the Shares for a period of 30 consecutive dealing days, is lower than the Conversion Price in effect on each such dealing day.

- Form:** The Bonds are issued in registered form in the denomination of HK\$50,000 or any multiples of HK\$50,000. A Certificate will be issued to each Bondholder in respect of its registered holding of Bonds. Each Bond and each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in a register which the Issuer will cause to be kept at the specified office of the registrar (the “Registrar”). The Issuer may act as the Registrar or to appoint a replacement Registrar from time to time.
- Status:** The Bonds constitute unsubordinated, direct, unconditional and unsecured general obligations of the Issuer and shall at all times rank pari passu without preference amongst themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation, rank at least equally with all its other present and future unsecured and unsubordinated obligations. The shares issued upon convention of the Bonds will in all respects rank pari passu with the Shares in issue.
- Listing:** No application will be made for the listing of, or permission to deal in, the Bonds on the Stock Exchange or any other stock exchange. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.
- Transferability:** The Subscribers may not assign or transfer any of the Bonds.

The Conversion Price represents a discount of approximately 25% to the Closing Price of HK\$0.265 per Share as quoted on the Stock Exchange on 30th September 2002, being the date of the Subscription Agreements. The Conversion Price also represents a discount of approximately 14% to the average closing price of the Shares of HK\$0.233 per Share of the 10 dealing-day period ended on, and including, 30th September 2002. The Conversion Price will be subject to adjustment in certain circumstances (including, amongst other things, consolidation or sub-division of the Shares, capitalisation of profits or reserves, capital distribution and rights issue). The Conversion Price represents approximately 130 per cent. of the lower of the average share price of the Company in the past 30, 60 and 90 days in the amount of HK\$0.18, HK\$0.154 and HK\$0.155 respectively. The Conversion Price was arrived at taking into account that the Bonds is a long-term investment, market conditions and the fact that large lot of Shares is involved.

The terms of the Bonds were negotiated on an arm's length basis between the Company and the Subscribers. The Directors consider that the terms of the Bonds are fair and reasonable and the issue of the Bonds is in the interest of the Company and its Shareholders as a whole. Any alterations in the terms of the Bonds after issue will be subject to the approval of the Stock Exchange, except where the alteration takes effect automatically under the terms of the Bonds.

No Subscribers will become a substantial shareholder of the Company as a result of converting the Bonds into Shares, and none of the Subscribers will hold 10% or more interest in the Company upon converting the Bonds into Shares.

As at the date of this announcement, the issued share capital of the Company is HK\$63,000,000 comprising 630,000,000 Shares. Sean & Leo Assets Management Limited is currently the single largest shareholder of the Company, holding 161,254,875 Shares, representing approximately 25.60 per cent. of the existing issued share capital. The maximum number of new Shares which may be issued upon conversion of the Bonds based on the Conversion Price is 31,250,000, representing approximately 4.96 per cent. and approximately 4.72 per cent. of the existing issued share capital and the enlarged issued share capital respectively. The shareholding interests of all the shareholders of the Company will be proportionately diluted and the shareholding interest of Sean & Leo Assets Management Limited in the Company will be diluted correspondingly from approximately 25.60 per cent. to approximately 24.39 per cent. upon full conversion of the Bonds.

## **General Mandate**

The maximum number of new Shares which may be issued upon full conversion of the Bonds based on the Conversion Price is 31,250,000 representing approximately 4.96 per cent. and approximately 4.72 per cent. of the existing issued share capital and the enlarged issued share capital respectively.

The Conversion Shares will be issued pursuant to the general mandate given to the Directors at the annual general meeting of the Company held on 25th April 2002.

## **Use of proceeds and reasons for the issue of Bonds**

The issue of the Bonds will, upon completion, raise immediate net funds for the Company of approximately HK\$6.1 million out of which as to approximately (i) HK\$2.5 million will be used by the Group for the expansion of the Group's operations in the PRC for sales and marketing activities; (ii) HK\$2 million will be used for research and development of customer relationship management solutions for corporate banking and (iii) HK\$1.6 million will be used for the general working capital of the Group. This will enhance the financing flexibility of the Group, which the Directors consider to be beneficial to the Group and the Shareholders of the Company taken as a whole.

## **Undertaking**

The Company has undertaken to the Stock Exchange to promptly notify the Stock Exchange if it is aware of any dealings in the Bonds by any connected persons (as defined in the GEM Listing Rules) of the Company.

## **GENERAL**

The issue of the Bonds constitutes a share transaction under the GEM Listing Rules.

## **Terms used in this Announcement**

“Alternative Stock Exchange”	any internationally recognized stock exchange situated in Hong Kong or other countries
“Bonds”	part of the New Convertible Bonds of an aggregate principal amount of HK\$6,250,000 to be issued by the Company under the Subscription Agreement



“Bondholders”	holders of the Bonds
“Business Day”	a day (excluding Saturday) on which banks in Hong Kong are open for business.
“Closing Price”	means in respect of a Share the closing quotation published in the Hong Kong Stock Exchange’s Daily Quotation Sheet (or the equivalent quotations sheet of the Alternative Stock Exchange) for one Share.
“Company” or “Issuer”	AKuP International Holding Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange. 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.
“Conditions”	the terms and conditions to be attached to the Bonds (with such amendments thereto as the Company and the Subscribers may agree), and “Condition” refers to the relative numbered paragraph of the Condition. The terms and conditions include, amongst other things, Conversion Rights, conversion period, conversion procedures, redemption and purchase, maturity, payment, taxation and events of default.
“Conversion Rights”	the rights attached to the Bonds to convert the principal amount or a part thereof into Shares
“Conversion Shares”	the Shares to be issued upon conversion of the Bonds
“Dealing Day”	means a day when the Hong Kong Stock Exchange or the Alternative Stock Exchange, as the case may be, is open for business.

“Directors”	directors of the Company
“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Golden J&N”	Golden J&N Investment Inc, a company incorporated in Taiwan which is wholly-owned by Everspring Industry Co., Ltd. (“Everspring”). Everspring is a company incorporated in Taiwan which is listed on the Taiwan Stock Exchange Corporation. The principal activity of Golden J&N is manufacturing of electronic components. Golden J&N, Everspring and each of its shareholders are independent and not connected with the directors, chief executives, substantial shareholders or management shareholders of the Company or any of their respective associates as defined under the GEM Listing Rules
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the legal currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Date”	the date of issue of the Bonds
“Maturity Date”	three years after the date on which the Bonds are issued
“New Convertible Bonds”	a series of convertible bonds due in September 2005 in an aggregate principal amount of HK\$6,250,000 with the benefit of and subject to the provisions of the Conditions constituted by a resolution of the board of Directors
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company

“Shareholders”

holders of the Shares

“Sinopac Securities”

Sinopac Securities (Asia) Limited, a company incorporated in Hong Kong which is wholly-owned by Sinopac Holdings Co. (“Sinopac Holdings”). Sinopac Holdings is a company incorporated in Taiwan which is listed on the Taiwan Stock Exchange Corporation. The principal activity of Sinopac Securities is the provision of securities services as a securities broker. Sinopac Securities, Sinopac Holdings and each of its shareholders are independent and not connected with the directors, chief executives, substantial shareholders or management shareholders of the Company or any of their respective associates as defined under the GEM Listing Rules

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“Subscribers”

Golden J&N and Sinopac Securities. Subject to the fulfillment of the conditions in the Subscription Agreements, Golden J&N and Sinopac Securities have agreed to subscribe for the amount of HK\$3,750,000 and HK\$2,500,000 of the Bonds respectively

“Subscription Agreements”

two subscription agreements dated 30th September 2002 entered into between the Company and Golden J&N and between the Company and Sinopac Securities respectively in connection with the issue of the Bonds

By Order of the Board  
**AKuP International Holding Limited**  
**Hu Shin-Min, Alex**  
*President and Chief Executive Officer*

Hong Kong, 30th September 2002

*This announcement, for which the Directors 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, 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 date of its posting.*

*\* for identification purpose only*