



ANNOUNCEMENT

1. On 13 May 2004, Flextech Holdings Limited (the "**Company**") entered into a Sale and Purchase Agreement (the "**S&P**") with Messrs Shen Hing Steven ("**Mr Shen**"), Wu Sze Wing ("**Mr Wu**"), Au Wai Leung ("**Mr Au**") and Cheung Ting Chi, Tony ("**Mr Cheung**") to purchase the entire issued capital of Dynax Digital Creation Limited (now known as FE Global (North Asia) Ltd ("**FEG NA**")).
2. The Board of Directors of the Company (the "**Board**") wishes to announce that it has been mutually agreed between all the above parties that Mr Wu and Mr Au would leave the employment of FEG NA to pursue other opportunities, with effect from 22 September 2005. In this connection, a supplemental agreement (the "**Supplemental Agreement**") dated 22 September 2005 has been entered into between the parties to set out the terms of such disengagement.
3. Principally, the Supplemental Agreement provides as follows: -
 - 3.1 Each of Mr Wu and Mr Au will sell 4,107,842 ordinary shares in FHL (making a total of 8,215,684 shares) to Mr Shen and Mr Cheung (to be held in their investment company), for a nominal consideration.
 - 3.2 In consideration for such sale, Mr Shen and Mr Cheung would jointly and severally assume, with effect from the date of the S&P, all the liabilities and obligations (whether accrued or otherwise) of each of Mr Wu and Mr Au under the S&P. These obligations include the profit guarantee that has been given to FHL in relation to FEG NA. The shares to be acquired by Mr Shen and Mr Cheung will be deposited with FHL's share registrar in accordance with the S&P, pending fulfillment of the profit guarantee.
 - 3.3 Mr Wu and Mr Au also ceased to be employed by FEG NA with effect from the date of the Supplemental Agreement, and amendments have been made to their employment contracts to cater for this earlier termination, including modifications to the non-competition obligations.
 - 3.4 Consequent upon the above and Mr Wu and Mr Au leaving FEG NA's employment, the parties have confirmed that they are each released from all claims and liabilities under the S&P and the service agreements of each of Mr Wu and Mr Au.

4. FHL will continue to work closely with the directors and management of FEG NA and its subsidiaries to build and develop the business of FEG NA. The Board does not believe that the above would have a material impact on the FHL group as Mr Shen (who is the President of FEG NA as well as a Director of FHL) as well as Mr Tony Cheung (a director and chief operation officer of FEG NA) will continue to manage the operations of FEG NA and will take over the profit guarantee and other obligations of Mr Wu and Mr Au.

By Order of the Board

CHOW KEK TONG
CHIEF FINANCIAL OFFICER

23 September 2005