GROUP SENSE (INTERNATIONAL) LIMITED

權智（國際）有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00601)

DISCLOSEABLE TRANSACTION
PROPOSED DISPOSAL OF PROPERTY

DISCLOSEABLE TRANSACTION

The Board is pleased to announce that on 21st April, 2011, the Vendor, a 70% owned subsidiary of the Company, entered into the LOI with the Purchaser pursuant to which the Purchaser agreed to acquire the Property from the Vendor for the Consideration of RMB 40 million.

As the relevant percentage ratios are more than 5% but less than 25%, the transaction contemplated under the LOI constitutes a discloseable transaction of the Company and is only subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

THE LOI

Date: 21st April, 2011

Parties:

Vendor: ZDXT, a 70% owned subsidiary of the Company.

Purchaser: GZ Kingsun. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, GZ Kingsun and its ultimate beneficial owner are third parties independent of the Company and the connected persons of the Company (as defined under the Listing Rules).

Assets to be transferred

Subject to the terms of the LOI, the Vendor agreed to transfer and the Purchaser agreed to acquire the Property. The Property comprises the building ownership right and the corresponding land use right of the Building. The parties agreed that the total gross floor area of the Building is approximately 15,737.4 m², subject to the final areas confirmed by the regulatory authorities.

As at 31st March 2011, the unaudited book value of the Property was approximately RMB 18 million. The estimated book value of the Property on completion is approximately RMB 27 million.

Consideration

The Consideration is RMB 40 million and is payable by the Purchaser to the Vendor in cash in accordance with the following manner:

(i) RMB 4 million, being 10% of the Consideration, is payable by the Purchaser to the Vendor on the date of the LOI;

(ii) RMB 16 million, being 40% of the Consideration, is payable by the Purchaser to the Vendor upon the date of the handover of the Building in accordance with the LOI;

(iii) RMB 20 million, being 50% of the Consideration, is payable by the Purchaser to the Vendor upon the date of the registration of the effective transfer of the Property (which shall be evidenced by the specific transfer documents issued by the relevant property regulatory authorities) in accordance with the LOI.

The Consideration was determined after arm's length negotiations between the parties and with reference to the economic factors and the development potential of the Property. The Directors are of the view that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

The completion of the Transfer is conditional upon, among others, the following:

(i) the Property is registered under the name of the Vendor; and

(ii) the transfer of the Property from the Vendor to the Purchaser is permitted under the current applicable laws and regulating and the relevant policy requirements.

The parties shall ensure (i) the conditions set out above to be fulfilled on a reasonable effort basis and (ii) the Property be transferred to, and registered under the name of, the Purchaser within a period of 90 days from date of the LOI, subject to the payment from the Purchaser. If (i) the conditions set out above cannot be fulfilled or (ii) the Property cannot be transferred or registered under the name of the Purchaser within the prescribed period (which shall be evidenced by the specific transfer documents issued by the relevant property regulatory authorities), the Vendor shall repay all money received from the Purchaser (without any interest accrued) within a period of 7 days from the date of termination (after settlement of the payment due from a defaulting party to the non-defaulting party arising from any antecedent breach, if any). The Building, if it has been delivered to the Purchaser according to the LOI, shall be returned to the Vendor in such condition as if it had never been delivered to the Purchaser. The LOI shall also cease to be of any further effect and none of the parties to the LOI shall have any claims against the other and the expenditure accrued would be borne by the respective parties (save for any antecedent breach).

Within a period of 14 days from the date of the fulfillment of the above conditions precedent, the parties may enter into a formal agreement in respect of the Transfer which shall not contrary to the key terms and conditions of the LOI, but the non-execution of a formal agreement shall not affect the completion of the Transfer as contemplated under the LOI. Further announcement(s) will be made by the Company in accordance with the requirements of the Listing Rules as and when appropriate if such formal agreement is entered into by the parties.

Other terms of the LOI

Right of First Refusal

During the validity period of the LOI, the Purchaser shall have a right of first refusal to purchase the Property on the same terms as offered by any independent third party.

In the event that there is any independent third party who is willing to offer a higher price to purchase the Property ("**New Price**"), the Vendor shall notify the Purchaser in writing accordingly. Within five working days upon receipt of such notice, the Purchaser shall confirm to the Vendor in writing whether it is interested to purchase the Property at the New Price. If the Purchaser expressly declines to purchase the Property at the New Price or fails to reply within the designated period, the Vendor shall be entitled to terminate the LOI.

Resumption of the Property

If the Property is resumed by the relevant government department as a result of the delay in completion of the construction, the LOI shall be automatically terminated.

Any money received by the Vendor shall be refunded to the Purchaser (without any interest accrued) within a period of 7 days from the date of termination (after settlement of the payment due from a defaulting party to the non-defaulting party arising from any antecedent breach, if any). The LOI shall cease to be of any further effect and none of the parties to the LOI shall have any claims against the other and the expenditure accrued would be borne by the respective parties (save for any antecedent breach).

Land Premium

The parties agree that in the event that a land premium is required to be paid as the regulatory authorities consider that there is a change of use, or the conditions for the use, of the Land in relation to the Transfer, the land premium attributable to the corresponding land of the Building shall be borne by the Purchaser.

FINANCIAL EFFECT OF THE TRANSFER

As a result of the Transfer, it is estimated that the Group will record an unaudited gain of approximately RMB 7 million, being the differences between the consideration for the Transfer and the estimated book value of the Property on completion and after taking into account relevant taxes to be charged, including business tax, land appreciation tax and other taxes. The Company intends to use the net sales proceeds as general working capital of the Group.

REASONS FOR ENTERING INTO THE LOI

The Company understands that the Purchaser intends to establish a "Digital Publication Base of National Standard" in the PRC. Through the Transfer, one of the three buildings on the Land would become a "Digital Publication Base of National Standard" in the PRC pursuant to the development plan of the Purchaser and the Purchaser will reserve a fund of RMB 10 million for the registration and establishment of the said "Digital Publication Base of National Standard". By establishing such a strategic partnership with the Purchaser, the Directors believe that it is beneficial for the Group to further develop its network products, electronic publishing and other related businesses in the PRC in the future.

The Directors consider that the LOI was entered into after an arm's length negotiation between the parties and on normal commercial terms and the terms of the LOI are fair and reasonable so far as the Shareholders are concerned and are in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Company is principally engaged in the original design manufacturing products business and the electronic handheld products business.

The Vendor is a 70% owned subsidiary of the Company and is principally engaged in the design and trading of electronic products and software.

The Purchaser is principally engaged in research and development of computer hardware and software, electronic publications reproduction (limited to e-books) business in the PRC.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios are more than 5% but less than 25%, the transaction contemplated under the LOI constitutes a discloseable transaction of the Company and is only subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless otherwise states:

"Board"	means the board of Directors of the Company
"Building"	means the no. 1 building located on the Land
"Company"	means Group Sense (International) Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
"Consideration"	means RMB40 million, being the consideration for the Transfer
"Director(s)"	means the directors of the Company, including the independent non-executive directors
"LOI"	means a legally-binding letter of intent dated 21st April 2011 entered into between the Purchaser and the Vendor in relation to the Transfer
"Group"	means the Company and its subsidiaries
"Hong Kong"	means the Hong Kong Special Administrative Region of the PRC
"Land"	means the parcel of land located at the Eastern Coast of the Science Park, Guangzhou, Guangdong Province, the PRC (State-owned Land Use Right Certificate Number: 07 Guoyong 05 No. 000107) held by the Vendor

"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	means the People's Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Property"	means the building ownership right and the land use right of the Building
"Purchaser" or "GZ Kingsun"	means Guangzhou Kingsun Software R&D Centre Co., Ltd.* (廣州金蟾軟件研發中心有限公司), a limited liability company incorporated in the PRC
"RMB"	means Renminbi, the lawful currency of the PRC
"Shareholders"	means the holder(s) of shares of the Company
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited
"Transfer"	means the transfer of the Property to the Purchaser by the Vendor upon the terms and conditions of the LOI
"ZDXT"	means Guangdong ZDXT Software Technology Company Limited* (廣東中大訊通軟件科技有限公司), a limited liability company incorporated in the PRC and a 70% owned subsidiary of the Company
"%"	means per cent
"m^2"	means square meter

By order of the Board
Group Sense (International) Limited
Dr. Tam Wai Ho, Samson $_{JP}$
Chairman

Hong Kong, 21st April, 2011

As at the date of this announcement, the Board comprises Dr. Tam Wai Ho, Samson $_{JP}$, Mr. Tam Wai Tong, Thomas, Mrs. Tam Mui Ka Wai, Vivian, Mr. Kazuhiro Otani, Mr. Lee Koon Hung, Dr. Fok Ting Yeung, James and Ms. Luk Chui Yung, Judith as executive directors; Mr. Yung Wing Ki, Samuel $_{MH, JP}$, Mr. Ho Kwok Shing, Harris and Mr. Wong Kon Man, Jason as independent non-executive directors.

Website: http://www.gsl.com.hk

** For identification purpose only*