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SHENZHEN HIGH-TECH HOLDINGS LIMITED

深圳科技控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 106)

PLACING OF NEW SHARES UNDER GENERAL MANDATE AND RESUMPTION OF TRADING

Placing Agent



華富嘉洛證券有限公司
Quam Securities Company Limited

The Company announces that on 21 April 2006, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to place, on a best effort basis, 2,870,000,000 new Shares, at the Placing Price of HK\$0.03 per Placing Share.

The Placing Shares represent approximately 20% of the existing issued share capital of the Company and approximately 16.66% of the issued share capital of the Company as enlarged by the Placing.

The net proceeds from the Placing to be received by the Company are estimated to be approximately HK\$83 million.

Trading in the Shares was suspended at the request of the Company at 9:30 a.m. on 21 April 2006 pending the issue of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on 24 April 2006.

INTRODUCTION

The Company announces that on 21 April 2006, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to place, on a best effort basis, 2,870,000,000 new Shares, at the Placing Price of HK\$0.03 per Placing Share.

THE PLACING AGREEMENT

Date

21 April 2006

Parties involved

- (a) the Company; and
- (b) the Placing Agent.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Group. The Placing Agent will receive approximately 2.5% of the amount equal to the fund that may be raised by the Company in respect of the Placing, which is determined after arm's length negotiation between the Company and the Placing Agent.

Placee

The Placing Shares will be placed to not less than six placees (being independent individual, corporate and/or institutional investors), and who and whose ultimate beneficial owners will be independent third parties not connected with the Company or the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules). It is expected that none of the placees will become a substantial shareholder of the Company immediately after the Placing.

Placing Shares

2,870,000,000 Placing Shares, representing approximately 20% of the existing issued share capital of the Company and approximately 16.66% of the issued share capital of the Company as enlarged by the Placing.

Based on the closing price of HK\$0.036 per Share as quoted on the Stock Exchange on the Last Trading Day, the aggregate market value of the 2,870,000,000 Placing Shares is approximately HK\$103.3 million.

Placing Price

The Placing Price of HK\$0.03 per Placing Share represents (i) a discount of approximately 16.67% to the closing price of HK\$0.036 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 18.92% to the average closing price of approximately HK\$0.037 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; (iii) a discount of approximately 21.05% to the average closing price of approximately HK\$0.038 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day; and (iv) a discount of approximately 44.44% to the audited consolidated net asset value per Share of approximately HK\$0.054 as at 31 December 2005 (on the basis of 14,353,310,755 Shares in issue as at the date of this announcement).

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent, with reference to the recent trading prices of the Shares. The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement and the Placing Price are fair and reasonable, and in the interests of the Company.

As requested by the Stock Exchange and in compliance with Rule 13.64 of the Listing Rules, the Company will consolidate the Shares and/or take other appropriate actions within three months from the date of this announcement.

Ranking of the Placing Shares

When issued and fully paid, the Placing Shares will rank pari passu in all respects among themselves and with Shares in issue at the time of the allotment and issue of the Placing Shares.

General Mandate

The Placing Shares will be issued under the Issue Mandate granted to the Directors at the annual general meeting of the Company held on 25 April 2005 which remained unutilised as at the date of this announcement. Pursuant to the Issue Mandate, the Company is authorized to issue up to 2,870,662,151 new Shares. Immediately upon completion of the Placing, the Issue Mandate will be approximately 99.98% utilised.

Conditions of the Placing

The Placing is conditional upon (i) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares; and (ii) (if so required) the Bermuda Monetary Authority granting its consent to the allotment and issue and free transferability of the Placing Shares. Application will be made to the Stock Exchange by the Company for the listing of, and permission to deal in, the Placing Shares.

If the above conditions are not fulfilled by 12 May 2006 or such later date as the parties may agree, the obligations and liabilities of the Company and the Placing Agent under the Placing Agreement shall become null and void and the Company and the Placing Agent shall be released from all their respective rights and obligations pursuant to the Placing Agreement.

Completion of the Placing

Completion of the Placing is expected to take place on the second business day next following the day on which the Placing Agreement becomes unconditional (or such later date as may be agreed by the Company and the Placing Agent).

REASONS FOR THE PLACING AND USE OF PROCEEDS

The estimated net proceeds from the Placing, after deducting the related placing fee, professional fees and all other related expenses incurred in connection with the Placing, which will be borne by the Company, are expected to be approximately HK\$83 million, representing a net Placing Price of approximately HK\$0.029 per Placing Share. At present, the Company intends to apply the net proceeds in the following manner:

- (i) approximately HK\$30 million to the business operation of the Group's "Dawning" branded servers, which servers are widely used in areas such as crude oil exploration, astronautics, weather forecast and school network construction;
- (ii) approximately HK\$10 million to expand the quartz oscillators manufacture business of the Group, which is to be carried out through Wu Han Jingke Information Industry Co., Ltd. ("Jingke Information"), a jointly controlled entity of the Company;
- (iii) approximately HK\$10 million to finance the capital investment of Jingke Information in production facilities and equipment; and
- (iv) the balance of approximately HK\$33 million to fund the Group's general working capital requirement.

The Company has not issued any equity securities in the 12 months immediately preceding the date of this announcement.

EFFECT OF THE PLACING ON THE SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company immediately before and after the Placing:

	Existing number of Shares	Approximate %	Number of Shares immediately after completion of the Placing	Approximate %
Thing On Group Limited	2,418,111,792	16.85	2,418,111,792	14.04
Great Mind Holdings Group Limited	1,279,090,260	8.91	1,279,090,260	7.43
Shenzhen Investment Holding Corporation	320,335,712	2.23	320,335,712	1.86
Existing public Shareholders	10,335,772,991	72.01	10,335,772,991	60.01
Placees	–	–	2,870,000,000	16.66
	<u>14,353,310,755</u>	<u>100.00</u>	<u>17,223,310,755</u>	<u>100.00</u>

GENERAL

Trading in the Shares was suspended at the request of the Company at 9:30 a.m. on 21 April 2006 pending the issue of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on 24 April 2006.

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Wong Chung Tak, Mr. Deng Wenyun and Mr. Tse Kam Fai, two non-executive directors, namely Mr. Chen Chao and Mr. Wong Ngo, Derick and three independent non-executive directors, namely Mr. Lee Kuo Ching, Stewart, Mr. Liu Sing Piu, Chris and Miss Chong Kally.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:–

“Board”	the board of Directors;
“Company”	Shenzhen High-Tech Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange;
“Directors”	directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“Issue Mandate”	the general mandate granted to the Directors to allot and issue 2,870,662,151 new Shares pursuant to a resolution passed by the Shareholders at the annual general meeting of the Company held on 25 April 2005;
“Last Trading Day”	20 April 2006, being the last trading day immediately before the suspension of trading in the Shares prior to the issue of this announcement;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Placing”	the placing of the Placing Shares on a best effort basis pursuant to the terms of the Placing Agreement;
“Placing Agent”	Quam Securities Company Limited, a licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 4 (advising on securities) regulated activities under the SFO;
“Placing Agreement”	the agreement dated 21 April 2006 entered into between the Company and the Placing Agent in relation to the Placing;
“Placing Price”	HK\$0.03 per Placing Share;
“Placing Share(s)”	2,870,000,000 new Shares to be placed through the Placing Agent by the Company pursuant to the Placing Agreement;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong; and
“%”	per cent.

By Order of the Board
SHENZHEN HIGH-TECH HOLDINGS LIMITED
Wong Chung Tak
Chairman

Hong Kong, 21 April 2006