



SHENZHEN HIGH-TECH HOLDINGS LIMITED

深圳科技控股有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 106)

VERY SUBSTANTIAL DISPOSAL

DISPOSAL OF 100% DIRECT INTEREST IN DAWNING TIANYAN COMPANY AND 50% DIRECT INTEREST IN BEIJING DAWNING COMPANY

The Board is pleased to announce that on 29 May 2006, the Vendors which are three wholly-owned subsidiaries of the Company as vendors entered into the Equity Transfer Agreement with Tianjin Dawning Company as purchaser, pursuant to which the Vendors agreed to sell the Dawning Interest to Tianjin Dawning Company for a total consideration of RMB95,000,000 (equivalent to approximately HK\$91,346,154). The Disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is therefore subject to the approval of the Shareholders at the SGM. No Shareholder (except 北京市曙光計算機公司 (Beijing Dawning Computer Company), which is a shareholder of both Tianjin Dawning Company and the Company) will be required to abstain from voting in respect of the proposed resolution to approve the Disposal at the SGM.

The proceeds from the Disposal will be entirely used for the general working capital of the Group and development of new businesses. As at the date of this announcement, the Group is looking for good investment opportunities in properties, high-tech business and expressway projects, etc. and there are no significant and specific new businesses which the Group decides to invest upon. There are no investment opportunities which the Group is currently in negotiation.

A circular containing, inter alia, details of the Disposal and the Equity Transfer Agreement, an accountants' report of the Group in accordance with Chapter 4 of the Listing Rules, together with a notice of the SGM will be sent to the Shareholders as soon as practicable.

At the request of the Company, the Shares were suspended from trading on the Stock Exchange from 9:30 a.m. on 30 May 2006 pending the publication of this announcement. The Company has made an application to the Stock Exchange to resume trading of the Shares on the Stock Exchange from 9:30 a.m. on 7 June 2006.

THE EQUITY TRANSFER AGREEMENT

Date

29 May 2006

Parties

The Equity Transfer Agreement was entered into by China Dawning Company, Dawning Company and Shenke Company, as vendors, and Tianjin Dawning Company, as purchaser in respect of the Disposal.

Save for the facts that (i) Mr. Li Guojie, a director and the legal representative of the Vendors (except Shenke Company), is also a director of Tianjin Dawning Company, i.e. Mr. Li holds common directorship between the Group at subsidiary level and Tianjin Dawning Company; (ii) Mr. Fan Jianping, a director of Beijing Dawning Company and Dawning Tianyan Company, is also the legal representative and a director of Tianjin Dawning Company, i.e. Mr. Fan holds common directorship between the Group at subsidiary level and Tianjin Dawning Company, and (iii) 北京市曙光計算機公司 (Beijing Dawning Computer Company), is a shareholder of both Tianjin Dawning Company (10%) and the Company (1.30%); the Company confirms that to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Tianjin Dawning Company and its ultimate beneficial owners are independent third parties not connected with the Group, its directors, chief executive or substantial shareholders or their respective associates and the Company's connected persons.

Neither Mr. Li Guojie nor Mr. Fan Jianping has any shareholdings in the Company, the Vendors or Tianjin Dawning Company or their respective subsidiaries or associated companies.

Disposal

Subject to the terms and conditions of the Equity Transfer Agreement, the Vendors agreed to transfer the Dawning Interest to Tianjin Dawning Company, and Tianjin Dawning Company agreed to accept the transfer of the Dawning Interest, for the Consideration.

Consideration

Pursuant to the Equity Transfer Agreement for acquisition of the Dawning Interest under the Disposal, the Consideration is RMB95,000,000 (equivalent to approximately HK\$91,346,154) and is payable by Tianjin Dawning Company to China Dawning Company as to RMB50,000,000 (equivalent to approximately HK\$48,076,923), Dawning Company as to RMB36,000,000 (equivalent to approximately HK\$34,615,385) and Shenke Company as to RMB9,000,000 (equivalent to approximately HK\$8,653,846). The Consideration is based on the combined net asset value of the Dawning Interest as at 31 December 2005 plus a premium. As at 31 December 2005, there was not a corresponding corporate grouping which represented the Dawning Interest and for the purpose of determining the combined net asset value of the Dawning Interest, a proforma treatment was adopted. The proforma combined net asset value of Dawning Interest as at 31 December 2005 was approximately RMB88,637,000. The amount of premium added was determined at RMB6,363,000 (which represents approximately 7.2% of the proforma combined net asset value of Dawning Interest) after arm's length negotiations between the Vendors and Tianjin Dawning Company. Out of the RMB45,000,000 (equivalent to approximately HK\$43,269,230) paid for the acquisition of interests in Dawning Tianyan Company, RMB36,000,000 (equivalent to approximately HK\$34,615,385) i.e. 80% of which will be paid to Dawning Company and the remaining RMB9,000,000 (equivalent to approximately HK\$8,653,846) i.e. 20% of which will be paid to Shenke Company, which distribution is based on the respective interests held by Dawning Company and Shenke Company in Dawning Tianyan Company. The Consideration was determined after arm's length negotiations between the Vendors and Tianjin Dawning Company. It is a condition precedent (as set out in a later section of this announcement) to the Equity Transfer Agreement that a valuation report shall be issued by an independent valuer or certified public accountants appointed by the Vendors to the effect that the value of Dawning Tianyan Company and Beijing Dawning Company is not less than RMB91,000,000 (equivalent to approximately HK\$87,500,000). The information contained in the valuation report will be disclosed in the circular to be dispatched to the Shareholders.

Pursuant to the Equity Transfer Agreement, Tianjin Dawning Company will, pay the Vendors the Consideration in accordance with the following manner:

- upon signing of the Equity Transfer Agreement, pay the Vendors RMB24,000,000 (equivalent to approximately HK\$23,076,923) and within ten days from the date of the Equity Transfer Agreement, pay the Vendors RMB4,500,000 (equivalent to approximately HK\$4,326,923), totaling RMB28,500,000 (equivalent to approximately HK\$27,403,846) which amounts to 30% of the Consideration as deposit to the Equity Transfer Agreement;
- on or before three working days after the fulfillment of all conditions as specified in the paragraph entitled "Conditions" in this announcement, pay the Vendors 40% of the Consideration, in the sum of RMB38,000,000 (equivalent to approximately HK\$36,538,462); and

- on or before six months after the fulfillment of all conditions as specified in the paragraph entitled "Conditions" in this announcement, pay the Vendors 30% of the Consideration, in the sum of RMB28,500,000 and it is further agreed that if Tianjin Dawning Company fails to make such payment within the above six months period, it is required to pay an additional yearly interest of 5% which is to be calculated on day to day basis until the date of the final payment of such 30% Consideration of RMB28,500,000 (equivalent to approximately HK\$27,403,846) but in any event such payment shall not be later than nine months after the fulfillment of all conditions as specified in the paragraph entitled "Conditions" in this announcement.

On or before 10 working days after payment of 70% of the Consideration pursuant to the sub-paragraphs (a) and (b) above, Dawning Tianyan Company and Beijing Dawning Company will, in accordance with relevant laws and regulations, apply for registration and approval of the Disposal of the Dawning Interest from the Vendors to the Tianjin Dawning Company with the original approval authorities of Dawning Tianyan Company and Beijing Dawning Company and the State Administration for Industry and Commerce. The Disposal, which involves transfer of interests, is required to be approved by the original approving authorities of Dawning Tianyan Company and Beijing Dawning Company. The Completion will take place upon completion of the formalities under the State Administration for Industry and Commerce in respect of the Disposal, further details of which are provided under the paragraph entitled "Completion".

Conditions

The Equity Transfer Agreement shall be subject to the fulfillment of the following conditions:

- the signing of the Equity Transfer Agreement by the authorized representatives of all parties to the Equity Transfer Agreement;
- a valuation report issued by an independent valuer or certified public accountants appointed by the Vendors to the effect that the value of Dawning Tianyan Company and Beijing Dawning Company is not less than RMB91,000,000 (equivalent to approximately HK\$87,500,000);
- the approval of the Disposal by each party to the Equity Transfer Agreement, including approval by the board of directors or shareholders' general meetings in accordance with their respective articles of association;
- the approval of the Disposal by the board of directors of Dawning Tianyan Company and Beijing Dawning Company;
- the approval of the Disposal by Dawning Tianyan Company, the other shareholder of Beijing Dawning Company and the undertaking given by Dawning Tianyan Company to waive the preemptive rights of the Disposal;
- the approval of the Disposal by the original approval authorities of Dawning Tianyan Company and Beijing Dawning Company; and
- the approval of the Disposal by the Shareholders at the forthcoming SGM in accordance with the Listing Rules.

Further, the parties to the Equity Transfer Agreement agree to use their best endeavours to facilitate the fulfillment of all conditions set out above on or before 31 October 2006. However, if any of the above conditions is not fulfilled on or before 31 October 2006, the Equity Transfer Agreement shall lapse automatically, without prejudice to the rights of the parties to claim against any breach of the Equity Transfer Agreement. The Vendors shall return the deposit and pay relevant accrued interests to the Tianjin Dawning Company within five working days from the lapse of the Equity Transfer Agreement. As at the date of this announcement, conditions (b), (c), (d), (e), (f) and (g) have not yet been fulfilled by any of the parties to the Equity Transfer Agreement.

Pledge

Tianjin Dawning Company has also agreed, upon Completion, to pledge the 100% interests in Dawning Tianyan Company and 100% interests in Beijing Dawning Company in favour of the Vendors for the purpose of securing the payment obligation of Tianjin Dawning Company in respect of the last payment of the remaining 30% Consideration of RMB28,500,000 (equivalent to approximately HK\$27,403,846) as per the Equity Transfer Agreement. The pledge shall take effect upon Completion.

Tradename and trademarks

Except for Dawning Information Industry (Shenzhen) Limited (曙光信息產業(深圳)有限公司) and Shenzhen Dawning Building (深圳曙光大廈) which are allowed to continue to use "Dawning" (曙光) as its tradename and building name, respectively, each of the Vendors undertake that it and its subsidiaries shall not use "Dawning" (曙光) as its tradename and the relevant group companies like China Dawning Information Industry Group Limited (中國曙光信息產業集團有限公司) and 深圳市曙光數碼科技有限公司 (Shenzhen Dawning Digital Technology Limited) shall change their names on or before the payment date of the last 30% of the Consideration. All the relevant trademarks in relation to "Dawning" (曙光) shall be transferred to Tianjin Dawning Company prior to the completion of the transfer formalities of the Dawning Interest.

Non-competition

Each of the Vendors undertakes that it and its subsidiaries shall not engage in any computer servers, personal computers, notebook computers and system integration businesses that are in competition with Dawning Tianyan Company and Beijing Dawning Company within 10 years from the date of completion of the transfer formalities of the Dawning Interest. The non-competition undertaking is not binding at the Company level and therefore will not affect the operations of the Company. The Group (excluding Dawning Tianyan Company and Beijing Dawning Company) does not engage or has no intention to engage in any computer servers, personal computers, notebook computers and system integration businesses as at the date of this announcement.

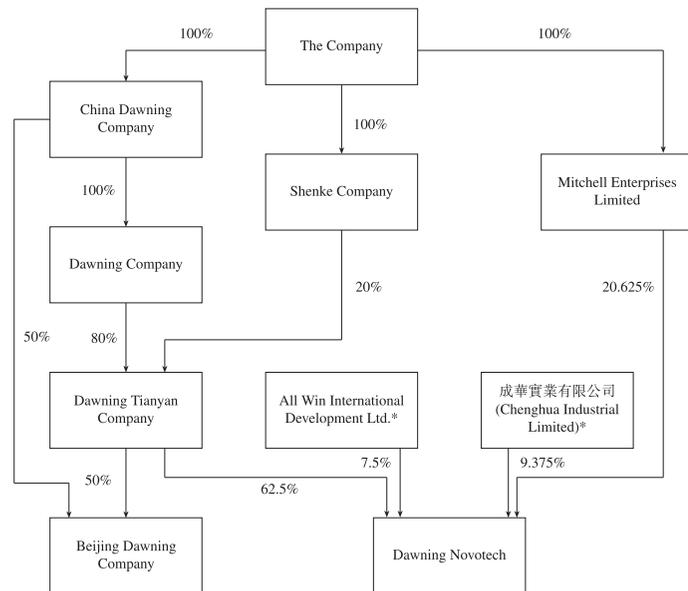
Completion

As at the Completion, Tianjin Dawning Company will own 100% and 100% (50% of which are held indirectly through its wholly-owned subsidiary Dawning Tianyan Company) respectively, of the registered capital of Dawning Tianyan Company and Beijing Dawning Company. Shenke Company will remain a wholly owned subsidiary of the Company. The Completion shall take place on completion of the registration formalities of the Disposal of the Dawning Interest from the Vendors to Tianjin Dawning Company under the Equity Transfer Agreement by the State Administration for Industry and Commerce.

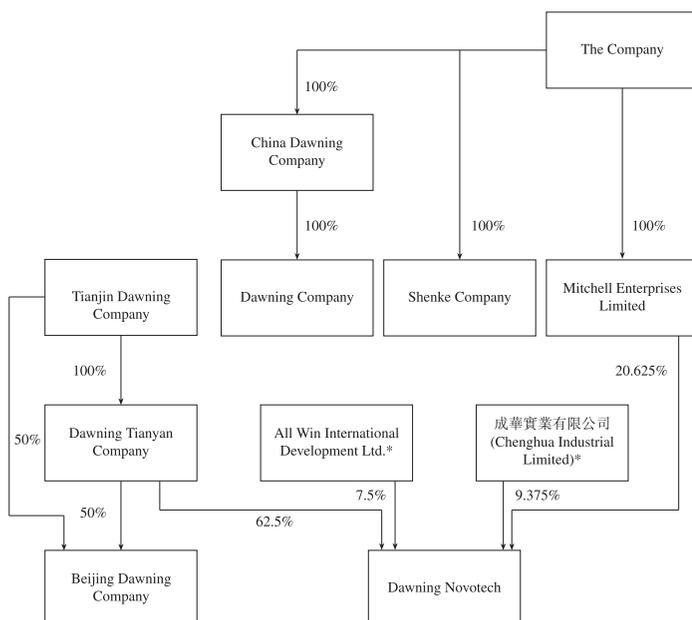
Upon Completion, the Company will dispose of 62.5% interest in Dawning Novotech held by Dawning Tianyan Company and therefore Dawning Novotech will cease to be a subsidiary of the Company. The remaining 20.625% interest in Dawning Novotech held by the Company will be treated as other investment in the consolidated accounts of the Company as the Company will no longer have the significant control in the Dawning Novotech.

The following charts show the simplified shareholding structures of Dawning Tianyan Company and Beijing Dawning Company immediately before and after the Completion:

Before the Completion:



After the Completion:



* All Win International Development Ltd and 成華實業有限公司 (Chenghua Industrial Limited) are independent third parties not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates.

INFORMATION ON DAWNING TIANYAN COMPANY

Dawning Tianyan Company is principally engaged in the manufacture and sale of high-tech computers and servers. Dawning Tianyan Company holds 62.5% interests in Dawning Novotech.

As at the date of this announcement, the entire equity interest in Dawning Tianyan Company are held by two parties, with Dawning Company holding 80% of the registered capital of Dawning Tianyan Company and Shenke Company holding the remaining 20% of the registered capital of Dawning Tianyan Company. Upon Completion, Dawning Company and Shenke Company will cease to have any interest in Dawning Tianyan Company and Tianjin Dawning Company will own the entire registered capital of Dawning Tianyan Company. In other words, Dawning Tianyan Company will cease to be subsidiary of the Company upon Completion.

As at 31 March 2006, the Group's share of net asset of Dawning Tianyan Company based on unaudited figures was estimated RMB26,921,000 (equivalent to approximately HK\$25,886,000). The estimated unaudited net gain on disposal is approximately RMB18,079,000 (equivalent to approximately HK\$17,383,000), which will be recorded as a profit by Dawning Company and Shenke Company. The estimated unaudited net gain on disposal is arrived by deducting net asset value of RMB26,921,000 (equivalent to approximately HK\$25,886,000) from the consideration received by in respect of the disposal of interests in Dawning Tianyan Company, i.e. RMB45,000,000 (equivalent to approximately HK\$43,269,000).

The financial figures of Dawning Tianyan Company are summarized in the below table:

	Year ended	
	31st December 2004 RMB	31st December 2005 RMB
Audited net loss before tax	135,000	6,273,000
Audited net loss after tax	1,336,000	8,297,000
Audited net assets	38,697,000	29,213,000

INFORMATION ON DAWNING NOVOTECH

Dawning Novotech is principally engaged in the development of business-level network storage systems and the provision of professional technical advice, program designing and structural planning. The financial figures of Dawning Novotech are summarized in the below table:

	Year ended	
	31st December 2004 RMB	31st December 2005 RMB
Audited net loss before tax	5,654,000	562,000
Audited net loss after tax	5,654,000	562,000
Audited net liabilities	2,160,000	2,722,000

INFORMATION ON BEIJING DAWNING COMPANY

Beijing Dawning Company is principally engaged in manufacture and sale of high-tech computers and servers.

As at the date of this announcement, the entire equity interest in Beijing Dawning Company are held by two parties, with Dawning Tianyan Company holding 50% of the registered capital of Beijing Dawning Company and China Dawning Company holding the remaining 50% of the registered capital of Beijing Dawning Company, in accordance with a sino-foreign equity joint venture contract entered into between Dawning Tianyan Company and China Dawning Company. Upon Completion, China Dawning Company will cease to have any interest in Beijing Dawning Company and Tianjin Dawning Company together with Dawning Tianyan Company, its wholly-owned subsidiary will own the entire registered capital of Beijing Dawning Company. In other words, Beijing Dawning Company will cease to be subsidiary of the Company upon Completion.

As at 31 March 2006, the Group's share (excluding the portion directly held by Dawning Tianyan Company) of net asset of Beijing Dawning Company based on unaudited figures was estimated at RMB61,879,000 (equivalent to approximately HK\$59,499,000). The estimated unaudited net loss on disposal is approximately RMB11,879,000 (equivalent to approximately HK\$11,422,000), which will be recorded as a loss by China Dawning Company. The estimated unaudited net loss on disposal is arrived by deducting net asset value of RMB61,879,000 (equivalent to approximately HK\$59,499,000) from the consideration received in respect of the disposal of interests in Beijing Dawning Company, i.e. RMB50,000,000 (equivalent to approximately HK\$48,077,000).

The financial figures of Beijing Dawning Company are summarized in the below table:

	Year ended	
	31st December 2004 RMB	31st December 2005 RMB
Audited net profit before tax	1,254,000	25,212,000
Audited net profit after tax	1,567,000	23,073,000
Audited net assets	100,885,000	123,958,000

The percentage contribution of the revenue and net asset of Dawning Tianyan Company, Beijing Dawning Company and 62.5% interest in Dawning Novotech to the Group is summarized in the below table:

For the year 2005

	Revenue		Net Assets	
	Amount HK\$'000	%	Amount HK\$'000	%
Dawning Tianyan Company, Beijing Dawning Company & Dawning Novotech	417,385	94.67%	85,228	10.90%
Other companies of the Group**	23,502	5.33%	696,745	89.10%
	<u>440,887</u>	<u>100.00%</u>	<u>781,973</u>	<u>100.00%</u>

For the year 2004

	Revenue		Net Assets	
	Amount HK\$'000	%	Amount HK\$'000	%
Dawning Tianyan Company, Beijing Dawning Company & Dawning Novotech	241,154	61.75%	70,210	8.97%
Other companies of the Group**	149,398	38.25%	712,493	91.03%
	<u>390,552</u>	<u>100.00%</u>	<u>782,703</u>	<u>100.00%</u>

** These other companies of the Group are engaged in the business of property investment, development and trading, including rental and building management services.

CAPITAL STRUCTURE OF VENDORS

China Dawning Company and Shenke Company are wholly-owned subsidiaries of the Company. Dawning Company is a wholly-owned subsidiary of China Dawning Company.

BUSINESS OF THE GROUP AND COUNTERPARTIES

The Group is principally engaged in (i) manufacture and sales of high-tech computers and servers, (ii) property investment and (iii) property, securities and general trading. Upon Completion, the Group will be principally engaged in property investment and trading. For the time being, the Group is maintaining a property held for sale (Shun Jing Yuan (also known as "Cleanfield"), Beijing) of approximately HK\$300,000,000. Shun Jing Yuan is a quality luxurious residential property of about 17,000 square meters and the sale of the above property is expected to commence and generate revenue for the Company in the 4th quarter of 2006. The Group also runs rental and building management operations of yearly revenue of approximately HK\$14,500,000. One of its associated companies runs business in growing, cultivation and sales of horticultural plants. The Directors believe that the Group will continue to have a sufficient level of operations as required in Rule 13.24 of the Listing Rules.

Tianjin Dawning Company is principally engaged in the development, consultation, servicing, transfer and training of software technology; manufacturing, wholesaling and retailing of computers and its external parts and software; integration of computer system and property management.

REASONS FOR THE TRANSACTION

In consideration that (i) the Company has yet to reach any agreement regarding the technical support and the ownership for future development of new model high-tech computers and servers with Chinese Academy of Sciences (中國科學院) which provided technical supports to the Vendors for the development of high-tech computers and servers in the past; and (ii) the Company also expects that substantial cost would be incurred in the future development of high-tech computers and server market which is fast moving and capital intensive and the prospect of newly developed products is not certain enough to sustain such investment, the Company has decided to streamline its business and redeploy its resources in the development of new projects with more certain and better growth potential and to implement the Disposal accordingly. As at the date of this announcement, there are no significant and specific new businesses which the Group intends to invest upon.

The Directors consider that the disposals of Dawning Tianyan Company and Beijing Dawning Company together constitute a single transaction. As such, the Disposal will bring about an overall disposal gain of RMB6,200,000 (equivalent to approximately HK\$5,961,000).

The Directors (including the independent non-executive Directors) considered that the terms of the Disposal are fair and reasonable and that the transaction is in the interests of the Shareholders and the Company as a whole.

USE OF PROCEEDS

The Directors confirm that the net proceeds received by the Group from the Disposal will not be less than HK\$90,000,000. The said proceeds from the Disposal will be entirely used for the general working capital of the Group and development of new businesses. As at the date of this announcement, the Group is looking for good investment opportunities in properties, high-tech business and expressway projects, etc. and there are no significant and specific new businesses which the Group decides to invest upon. There are no investment opportunities which the Group is currently in negotiation. The sale proceeds will be deposited into an interest bearing bank account when received before new opportunities arise.

GENERAL

The Disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is therefore subject to the approval of the Shareholders at the SGM. No Shareholder (except 北京市曙光計算機公司 (Beijing Dawning Computer Company), which is a shareholder of both Tianjin Dawning Company and the Company (holding 224,234,998 Shares, representing about 1.30% of the total issued capital of the Company)) will be required to abstain from voting in respect of the proposed resolution to approve the Disposal at the SGM.

A circular containing, inter alia, details of the Disposal and the Equity Transfer Agreement, an accountants' report of the Group in accordance with Chapter 4 of the Listing Rules, together with a notice of the SGM will be sent to the Shareholders as soon as practicable.

At the request of the Company, the Shares were suspended from trading on the Stock Exchange from 9:30 a.m. on 30 May 2006 pending the publication of this announcement. The Company has made an application to the Stock Exchange to resume trading of its shares on the Stock Exchange from 9:30 a.m. on 7 June 2006.

DEFINITIONS

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

"Beijing Dawning Company"	means 曙光信息產業 (北京) 有限公司 (Dawning Information Industry (Beijing) Limited), a Sino-foreign joint venture company incorporated under the laws of PRC, whose registered address is located at 北京市海澱區中關村科學院南路6號 (6 Ke Xue Yuan Nan Lu, Zhong Guan Cun, Hai Dian Qu, Beijing City, China);
"Board"	means the board of Directors;
"China Dawning Company"	means China Dawning Information Industry Group Limited (中國曙光信息產業集團有限公司), a limited company incorporated under the laws of Hong Kong, whose registered address is located at Rooms 1904-1906, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong, and which is a wholly-owned subsidiary of the Company and is principally engaged in investment holding;
"Company"	means Shenzhen High-Tech Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange;
"Completion"	means completion of the Equity Transfer Agreement in accordance with its terms and conditions;
"Consideration"	means RMB95,000,000 (equivalent to approximately HK\$91,346,154), being the purchase price for the Dawning Interest, particulars of which are stated under the paragraph "Consideration" of this announcement;
"Dawning Company"	means Dawning Information Industry (Shenzhen) Limited (曙光信息產業 (深圳) 有限公司), a limited company incorporated under the laws of PRC, whose registered address is located at 15th Floor, Dawning Building, 12 Ke Ji Road South, High-Tech Zone, Shenzhen, PRC, and which is a wholly-owned subsidiary of the Company and is principally engaged in manufacture and sale of high-tech computers and servers;

"Dawning Interest"	means 100% of the registered capital of Dawning Tianyan Company currently held by Dawning Company and Shenke Company (Dawning Tianyan Company in turn holds 50% of the registered capital of Beijing Dawning Company and 62.5% of Dawning Novotech) and 50% of the registered capital of Beijing Dawning Company currently held by China Dawning Company;
"Dawning Novotech"	means 北京曙光創新科技有限公司 (Beijing Dawning Novotech Co., Ltd.), a Sino-foreign equity joint venture incorporated under the laws of the PRC; as at the date of this announcement, Dawning Novotech is held as to 62.5% by Dawning Tianyan Company, 7.5% by All Win International Development Ltd, 20.625% by Mitchell Enterprises Limited and 9.375% by 成華實業有限公司 (Chenghua Industrial Limited) and is principally engaged in the development of business-level network storage systems and the provision of professional technical advice, program designing and structural planning;
"Dawning Tianyan Company"	means Beijing Dawning Tianyan Information Technology Company Limited (北京曙光天演信息技術有限公司), a limited company incorporated under the laws of PRC, whose registered address is located at 北京市海澱區中關村科學院南路6號 (No. 6 Ke Xue Yuan Nan Lu, Zhong Guan Cun, Hai Dian Qu, Beijing City, China);
"Directors"	means the directors of the Company;
"Disposal"	means the sale of the Dawning Interest by the Vendors to Tianjin Dawning Company pursuant to the Equity Transfer Agreement;
"Equity Transfer Agreement"	means the equity transfer agreement dated 29 May 2006 entered into between the Vendors and Tianjin Dawning Company in relation to the Disposal;
"Group"	means the Company and its subsidiaries;
"HK\$"	means Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	means the Hong Kong Special Administrative Region of the PRC;
"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock Exchange;
"PRC"	means the People's Republic of China, for the purpose of this announcement excluding Hong Kong, Macau Special Administrative Region and Taiwan region;
"RMB"	means Renminbi, the lawful currency of the PRC;
"SGM"	means the special general meeting of the Company to be held for the purpose of approving, inter alia, the Disposal;
"Share(s)"	means the share(s) in the capital of the Company;
"Shareholder(s)"	means the registered holder(s) of the Shares;
"Shenke Company"	means 深科高新實業 (深圳) 有限公司 (Shenke High-Tech Industrial (Shenzhen) Limited), a limited company incorporated under the laws of PRC, whose registered address is located at 15th Floor, Dawning Building, 12 Ke Ji Road South, High-Tech Zone, Shenzhen, PRC, and which is a wholly-owned subsidiary of the Company and is principally engaged in property leasing;
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited;
"Tianjin Dawning Company"	means 天津曙光計算機產業有限公司 (Tianjin Dawning Computer Industry Limited), a limited company incorporated under the laws of the PRC, whose registered address is located at 1st to 3rd Floor, Block L, 6 Hai Tai Development 6th Avenue, Hai Tai Lu Se Industrial Base, Hua Yuan Industrial Park, Tianjin, PRC and its shareholders are Institute of Computing Technology, Chinese Academy of Sciences (中國科學院計算技術研究所) (48.3%), 天津海泰投資擔保有限責任公司 (Tianjin Haitai Investment Guarantee Company Limited) (20%), 北京市曙光計算機公司 (Beijing Dawning Computer Company) (10%) which is a shareholder of both Tianjin Dawning Company and the Company holding 224,234,998 Shares (representing approximately 1.30% of the issued share capital of the Company), Shi Zhong (石忠) (16.7%) and Huang Jinghao (黃璟昊) (5%) and is principally engaged in the development, consultation, servicing, transfer and training of software technology; manufacturing, wholesaling and retailing of computers and its external parts and software; integration of computer system and property management; (i) Mr. Li Guojie, a director and the legal representative of the Vendors (except Shenke Company), is also a director of Tianjin Dawning Company, i.e. Mr. Li holds common directorship between the Group at subsidiary level and Tianjin Dawning Company; (ii) Mr. Fan Jianping, a director of Beijing Dawning Company and Dawning Tianyan Company, is also the legal representative and a director of Tianjin Dawning Company, i.e. Mr. Fan holds common directorship between the Group at subsidiary level and Tianjin Dawning Company; and
"Vendors"	means China Dawning Company, Dawning Company and Shenke Company.

In this announcement, all amounts in RMB were translated into HK\$ at an exchange rate of RMB1.04 to HK\$1 (except that all amounts in RMB for the year ended 2004 were translated into HK\$ at an exchange rate of RMB1.06 to HK\$1) for indication only.

By order of the Board
Wong Chung Tak
 Chairman

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.

Hong Kong, 6 June 2006