

*The Stock Exchange of Hong Kong Limited 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.*



# SHENZHEN HIGH-TECH HOLDINGS LIMITED

## 深圳科技控股有限公司

*(Incorporated in Bermuda with limited liability)*

### PROPOSED SUBSCRIPTION FOR NEW SHARES BY A STRATEGIC INVESTOR

Financial Adviser to Shenzhen High-Tech Holdings Limited



The Board is pleased to announce that on 20 October 2003, the Company entered into a subscription agreement with the Investor in relation to the subscription of 1,654,351,792 new Shares at HK\$0.06 per Share. Upon Completion, the Investor will be interested in about 16.67% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

**Completion is conditional upon certain conditions as set out under the section headed “Conditions of the Subscription Agreement” below. Accordingly, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

Trading in the Shares was suspended at the request of the Company with effect from 9:34 a.m. on 20 October 2003. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 21 October 2003.

#### THE SUBSCRIPTION AGREEMENT

##### Date

20 October 2003

##### Parties

The Company and the Investor

The Investor and its ultimate beneficial owner, Mr. Wong, are independent of and not connected with the Company and each of the directors, chief executive and substantial shareholders of the Company, any of its subsidiaries and their respective associates.

##### The Subscription Price

The Subscription Price of HK\$0.06 was determined after arm's length negotiations between the Company and the Investor, have taken into account the following factors:

- the then prevailing prices of the Share;
- the Subscription Price represents a premium of around 5.3% to the unaudited consolidated net tangible asset value per Share of about HK\$0.057 as at 31 August 2003;
- the Group recorded an audited loss of about HK\$181.4 million for the year ended 31 December 2002 and an unaudited interim loss of about HK\$39.0 million for the six months ended 30 June 2003; and

- the respective views of the prospects of Dawning, the Company's principal subsidiary, and in particular the expansion and development plan of Dawning in respect of opening new markets in the South East Asian region which the Directors believe will benefit from Mr. Wong's vast experience and business connections in the region. Please refer to the section headed "Future Plans of the Group and Reasons for the Subscription" for more details.

The Subscription Price represents:

- a discount of about 14.3% to the closing price of HK\$0.07 per Share as quoted on the Stock Exchange on 17 October 2003, the last trading day prior to suspension of trading in the Shares pending the issue of this announcement;
- a discount of about 18.7% to the average closing price of HK\$0.0738 over the last 10 trading days up to and including 17 October 2003; and
- a premium of about 5.3% to the unaudited consolidated net tangible asset value per Share of about HK\$0.057 as at 31 August 2003.

### **Number of the Subscription Shares**

Under the Subscription, 1,654,351,792 new Shares are to be subscribed by the Investor, representing 20.0% of the existing issued share capital of the Company and about 16.67% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

### **Ranking of the Subscription Shares**

The Subscription Shares will rank *pari passu* in all respects with the Shares currently in issue.

### **General mandate**

The Subscription Shares will be allotted and issued under the general mandate granted to the Board at the Company's special general meeting held on 13 October 2003.

### **Conditions of the Subscription Agreement**

Completion of the Subscription Agreement is conditional on the following conditions being satisfied:

- (a) the granting by the Listing Committee of the Stock Exchange of the listing of, and permission to, deal in the Subscription Shares; and
- (b) the Bermuda Monetary Authority granting permission (if necessary) for, among other matters, the issue of the Subscription Shares.

The Subscription Agreement will lapse if the above conditions are not satisfied on or before 31 December 2003 unless the parties agree otherwise.

### **Completion**

Completion will take place within two business days immediately after full satisfaction of the conditions as set out in the section headed "Conditions of the Subscription Agreement" above.

### **Use of proceeds**

The net proceeds from the Subscription are estimated to be about HK\$96 million. It is intended that the net proceeds will be used principally for the expansion of Dawning's business and related property projects. The Board has not yet decided the specific allocation of net proceeds in respect of the expansion plan of Dawning's business and related property projects. Please refer to the section below headed "Future Plans of the Group and Reasons for the Subscription" for more details about the Group's future plans.

To the extent the net proceeds of the Subscription are not immediately applied for the aforementioned purposes, it is the intention of the Directors that they will be placed on short-term interest-bearing deposits with financial institutions in Hong Kong.

At present, the Company has not identified any specific projects for investment or acquisition purposes as part of its expansion and development plan mentioned above. The Company will keep the Shareholders informed and further announcement will be made if there is any specific acquisition of assets or projects in accordance with the provisions of the Listing Rules.

## SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a table showing the existing shareholding structure and the structure upon issue of the Subscription Shares on Completion.

	Existing shareholding structure		Immediately after the issue of the Subscription Shares on Completion	
	Number of Shares	%	Number of Shares	%
Great Mind Holdings Group Limited	1,316,450,260	15.92	1,316,450,260	13.26
Beijing Dawning Computer Corporation (Note)	376,394,462	4.55	376,394,462	3.79
Shenzhen Investment Holding Corporation (Note)	320,335,712	3.88	320,335,712	3.22
Zarva Technology (Group) Limited (Note)	144,151,070	1.74	144,151,070	1.45
Sichuan Provincial Investment Group Co., Ltd. (Note)	64,067,142	0.77	64,067,142	0.65
Jenly International Limited (Note)	64,067,142	0.77	64,067,142	0.65
Beijing Hi-Tech Co., Ltd. (Note)	64,067,142	0.77	64,067,142	0.65
Innovisions Limited (Note)	4,680,000	0.06	4,680,000	0.05
	<u>2,354,212,930</u>	<u>28.46</u>	<u>2,354,212,930</u>	<u>23.72</u>
The Investor	–	–	1,654,351,792	16.67
Public	5,917,546,033	71.54	5,917,546,033	59.61
	<u>8,271,758,963</u>	<u>100.00</u>	<u>9,926,110,755</u>	<u>100.00</u>

### Note:

As disclosed in the Register of Shareholdings under Rule 26.6 of the Takeovers Code maintained by the Securities & Futures Commission, these companies (collectively known as the “Concert Group”) are considered as parties acting in concert with the Company’s substantial shareholder, Great Mind. As at the date of this Announcement, Great Mind and the Concert Group together are interested in around 28.46% of the Company’s existing issued share capital and their aggregate shareholding interests will be diluted to around 23.72% upon Completion.

### INFORMATION ON THE INVESTOR AND MR. WONG

The Investor is a holding company which has not carried out any business activities since its incorporation in September 2003 other than entering into the Subscription Agreement. The Investor is 100% beneficially owned by Mr. Wong, who is also its sole director. At present, the Investor and its ultimate beneficial owner do not own any securities of or interests in the Company.

Mr. Wong controls various business interests in Hong Kong and South East Asia. His companies are engaged in the field of diamond trading, property investment and development, provision of financial services and trading of general merchandise. Mr. Wong has around 30 years of business experience in the region and has established strong business connections and distribution network in areas such as Taiwan, Singapore, Korea, Thailand and Indonesia.

Mr. Wong has confirmed that he is not connected or acting in concert with Great Mind, any of the Concert Group, their respective ultimate beneficial owners and their respective associates as defined under the Takeovers Code.

Great Mind has confirmed that the Concert Group and it, their respective ultimate beneficial owners and their respective associates as defined under the Takeovers Code are not connected or acting in concert with Mr. Wong.

### FUTURE PLANS OF THE GROUP AND REASONS FOR THE SUBSCRIPTION

The Group’s core operation is carried out through its principal subsidiary, Dawning, which is engaged in the production and sale of computers and servers and related property projects.

For the year ended 31 December 2002, income generated by the Group's high-tech computers and servers manufacturing and related business was about HK\$213.4 million, which accounted for about 80.2% of its total revenue. According to a statistical survey conducted by CCID Consulting Company Limited under China Centre of Information Industry Development of the China Ministry of Information Technology, Dawning was ranked third among all domestic server manufacturers in terms of market share in the PRC for year 2002. At present, all the products of Dawning were sold in the local market of the PRC.

Furthermore, Dawning's development project of Dawning Tower in Shenzhen High-Tech Park was basically completed in 2002. It is now the headquarters of the Dawning group and the rest of the complex has been substantially leased out. This has provided the Group with a stable rental income.

As stated in its annual report for the year ended 31 December 2002, the Company intends to further develop Dawning's business in the following areas: (1) increase in its market shares and sales volume; (2) strengthening of its capabilities in research and development of more advanced products; and (3) further improvement in its internal management and budget system.

The Directors intend to achieve these objectives through substantial increase in Dawning's production capacities by setting up new manufacturing bases and research centres; selective investment in related property projects and development of new markets in the South East Asia region. At present, the Company is undertaking an overall review of Dawning's business and operations with an aim to formulate specific plans to implement these proposals. The Board does not expect any changes to the direction or strategies of the Group's business as a result of the Subscription.

The implementation of the expansion plans when formulated is expected to call for substantial capital investment by the Group. The Subscription will help to strengthen the Group's capital base and the financial resources for its future development and expansion of Dawning. Moreover, Mr. Wong, the beneficial owner of the Investor, has around 30 years' experience of sales and marketing and established business connections in various areas in the South East Asian region. Upon Completion, it is expected that Mr. Wong and another representative with relevant experience in financial management nominated by the Investor will be invited to join the Board. This will help to strengthen the management ability of the Company and assist in formulating long term business plans and strategies for the Group's expansion into new markets in the region for the Dawning products. Announcement regarding the appointment of new Directors will be made in due course in compliance with the Listing Rules.

Based on the foregoing, the Directors (including the independent non-executive Directors except for Mr. Poon Chiu Kwok who has not been contactable on the date of signing the Subscription Agreement) consider that the Subscription is in the interests of the Company and the Shareholders as a whole.

The Investor has confirmed that it has no plan to inject any assets or businesses into the Company within 12 months following Completion. However, any transactions between the Company and the Investor in the future, the Company will fully comply with the provisions of the Listing Rules.

#### **FUND RAISING IN THE PAST 12 MONTHS**

On 4 September 2003, the Company entered into a placing agreement with a placing agent. Pursuant to the placing agreement, the Company has subsequently placed 1,378,600,000 new Shares to not less than six independent investors at a price of HK\$0.068 per Share. As stated in the Company's announcement dated 4 September 2003, the net entire proceeds from the placing of about HK\$91.4 million were intended to be used for general working capital of the Group. It was further stated that the Company would consider further expansion or investment opportunities. As at the date of this announcement, the net proceeds are deposited in a financial institution in Hong Kong and will be used to meet future working capital requirements of the Group.

Save as disclosed above, there has been no equity fund raising exercises by the Company in the past 12 months immediately preceding the date of this announcement.

## **SUSPENSION AND RESUMPTION OF TRADING OF THE SHARES**

Trading in the Shares was suspended at the request of the Company with effect from 9:34 a.m. on 20 October 2003. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 21 October 2003.

### **GENERAL**

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

**Completion is conditional upon certain conditions as set out under the section headed “Conditions of the Subscription Agreement” above. Accordingly, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

### **DEFINITIONS**

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise.

“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	Shenzhen High-Tech Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Completion”	completion of the Subscription Agreement
“Dawning”	Dawning Information Industry (Shenzhen) Limited, a wholly-owned subsidiary of the Company
“Director(s)”	director(s) of the Company
“Great Mind”	Great Mind Holdings Group Limited, the substantial Shareholder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s)
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Investor”	Thing On Group Ltd, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Wong
“Mr. Wong”	Mr. Wong Chung Tak, the sole beneficial owner of the Investor
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Share(s)”	share(s) of HK\$0.01 each in the existing share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the proposed subscription for 1,654,351,792 new Shares at the Subscription Price each by the Investor pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 20 October 2003 between the Company and the Investor relating to the subscription of 1,654,351,792 new Shares
“Subscription Price”	HK\$0.06, the subscription price of each of the Subscription Shares
“Subscription Shares”	1,654,351,792 new Shares to be issued pursuant to the Subscription Agreement

“Takeovers Code”      the Hong Kong Code on Takeovers and Mergers  
“%”                      per cent

By Order of the Board  
**Chan King Chung**  
*Company Secretary*

Hong Kong, 20 October 2003

Please also refer to the published version of this announcement in The Standard.