



# SHENZHEN HIGH-TECH HOLDINGS LIMITED

## 深圳科技控股有限公司

(Incorporated in Bermuda with limited liability)

### Placing Agent



道亨證券有限公司

DaoHeng Securities Ltd.

### ANNOUNCEMENT

#### Proposed Placement of 1,378,600,000 New Shares

The Company has conditionally agreed to place, through the Placing Agent, of 1,378,600,000 new Shares to independent investors at a price of HK\$0.068 per Share.

#### The Placing is made on a "best effort" basis by the Placing Agent and is not underwritten.

The placing price is HK\$0.068 per Placing Share. This price was agreed after arm's length negotiations between the Company and the Placing Agent and represents (i) a discount of approximately 39.3% to the closing price of HK\$0.112 per Share quoted on the Stock Exchange on 3 September 2003, being the last trading day before the issue of this announcement; (ii) a discount of approximately 29.9% to the average closing price of approximately HK\$0.097 per Share as quoted on the Stock Exchange from 21 August 2003 to 3 September 2003, both dates inclusive, being the last 10 trading days of the Shares immediately before the issue of this announcement; (iii) a discount of approximately 20% to the average closing price of approximately HK\$0.085 per Share as quoted on the Stock Exchange from 24 July 2003 to 3 September 2003, both dates inclusive, being the last 30 trading days of the Shares immediately before the issue of this announcement; (iv) a discount of approximately 17.1% to the average closing price of approximately HK\$0.082 per Share as quoted on the Stock Exchange from 25 June 2003 to 3 September 2003, both dates inclusive, being the last 50 trading days of the Shares immediately before the issue of this announcement; and (v) a premium of approximately 19.3% to the value of the Group's unaudited consolidated net tangible assets of HK\$0.057 per Share as at 31 August 2003.

The Placing Shares represent approximately 20% of the existing issued share capital of the Company of 6,893,158,963 Shares and approximately 16.7% of the Company's issued share capital as enlarged by the issue of the Placing Shares. The net proceeds from the Placing is estimated to be about HK\$91.4 million which will be used mainly for general working capital purpose.

At the request of the Company, trading of the Shares on the Stock Exchange was suspended at 9:30 a.m. on 4 September 2003 pending the release of this announcement. Application has been made to the Stock Exchange to resume trading of the Shares with effect from 9:30 a.m. on 5 September 2003.

#### THE PLACING AGREEMENT

##### Date

4 September 2003

##### Issuer

The Company

##### Placing Agent

The Placing Agent will receive a placement commission of 2.25% on the gross proceeds of the Placing. The Placing Agent, and its ultimate beneficial owner(s) are independent of and not connected with any of the Directors, chief executive or substantial shareholders of the Company or its subsidiaries and their respective associates (as defined in the Listing Rules).

##### Placees

The Placing Shares will be placed to not less than six placees (which are required to be independent individual, corporate and/or institutional investors) who (and their ultimate beneficial owners) are independent of and not connected with any of the Directors, chief executive or substantial shareholders of the Company or its subsidiaries and their respective associates (as defined in the Listing Rules). It is expected that no placee will become a substantial shareholder of the Company as a result of the Placing.

##### Placing Price

The placing price is HK\$0.068 per Placing Share. This price was agreed after arm's length negotiations between the Company and the Placing Agent and represents (i) a discount of approximately 39.3% to the closing price of HK\$0.112 per Share quoted on the Stock Exchange on 3 September 2003, being the last trading day before the issue of this announcement; (ii) a discount of approximately 29.9% to the average closing price of approximately HK\$0.097 per Share as quoted on the Stock Exchange from 21 August 2003 to 3 September 2003, both dates inclusive, being the last 10 trading days of the Shares immediately before the issue of this announcement; (iii) a discount of approximately 20% to the average closing price of approximately HK\$0.085 per Share as quoted on the Stock Exchange from 24 July 2003 to 3 September 2003, both dates inclusive, being the last 30 trading days of the Shares immediately before the issue of this announcement; (iv) a discount of approximately 17.1% to the average closing price of approximately HK\$0.082 per Share as quoted on the Stock Exchange from 25 June 2003 to 3 September 2003, both dates inclusive, being the last 50 trading days of the Shares immediately before the issue of this announcement; and (v) a premium of approximately 19.3% to the value of the Group's unaudited consolidated net tangible assets of HK\$0.057 per Share as at 31 August 2003.

In the light of the short term blooming of the stock market, the Directors consider that the Placing represents a good fund-raising opportunity for the Company to raise further working capital, which will enable the Company to consider further expansion or investment opportunities. This is especially important for the Company to raise more funds in the light of the net loss from ordinary activities of the Company attributable to the Shareholders for the year ended 31 December 2002 (HK\$181,427,000) and for the six months ended 30 June 2003 (HK\$39,009,000); and the Hong Kong economy still has no signs of recovering, notwithstanding the recent rising stock market. The Directors have considered other means of fund raising including bank facilities and convertible loan, which however will increase the finance costs of the Company and are not good choices especially if the interest rates increase in the future. In addition, the operating loss of the Company would significantly increase the finance cost of the Company and reduce the attractiveness of the Shares to other potential investors. In general, the Company may forego a valuable opportunity to raise equity fund if it did not enter into the Placing Agreement.

In view of the operating losses the Group incurred, the amount of the funds raised and the broadening of shareholder and capital base, the Directors consider the placing price and the terms of the Placing Agreement to be fair and reasonable and in the interests of the Company and the Shareholders as a whole. The net proceeds of the Placing is required to be paid to the Company at completion of the Placing. The cost and expenses in relation to the Placing will be borne by the Company.

##### Rights

The Placing Shares, when fully paid, will on issue rank equally with the existing issued Shares.

##### Number of Placing Shares

1,378,600,000 new Shares are to be placed, representing approximately 20% of the existing issued share capital of the Company of 6,893,158,963 Shares and approximately 16.7% of the issued share capital of the Company as enlarged by the Placing. **The Placing is being undertaken by the Placing Agent on a "best effort" basis and is not underwritten.** The Placing will proceed in respect of such number of the Placing Shares as the Placing Agent successfully places to third parties. Further announcement will be made on the status of the Placing if not all Placing Shares are placed.

##### General Mandate

The Placing Shares will be issued pursuant to the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the Company's general meeting held on 29 May 2003. The general mandate has not been utilized prior to entering into the Placing Agreement.

##### Use of Proceeds

The net proceeds from the Placing is estimated to be about HK\$91.4 million which will be used for general working capital purpose. The additional working capital will enable the Company to consider further expansion or investment opportunities and further announcement will be made if the Company identifies any specific expansion or investment proposals in compliance with the Listing Rules.

##### Conditions

The Placing is conditional upon

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant listing of and permission to deal in all of the Placing Shares. Application will be made by the Company to the Stock Exchange for the grant of the listing of and permission to deal in the Placing Shares; and
- (ii) the Bermuda Monetary Authority granting permission (if necessary) for, among other matters, the issue of the Placing Shares.

The Placing Agreement will lapse if the Conditions are not satisfied by 17 September 2003 unless the parties agree otherwise.

##### Completion

The completion of the Placing will take place on the second business day immediately after full satisfaction of the Conditions and is expected to be not later than 19 September 2003 unless the parties agree otherwise.

##### REASONS FOR THE PLACING

The Directors consider that the Placing represents a good opportunity to raise further working capital for the Company while at the same time broadening its shareholder and capital base. The additional working capital will enable the Company to consider further expansion or investment opportunities. However, at present, the Company has no specific expansion or investment proposals.

##### FUND RAISING IN THE 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THE ANNOUNCEMENT

There has been no equity fund raised by the Company in the 12 months immediately preceding the date of this announcement.

At the request of the Company, trading of the Shares on the Stock Exchange was suspended at 9:30 a.m. on 4 September 2003 pending the release of this announcement. Application has been made to the Stock Exchange to resume trading of the Shares with effect from 9:30 a.m. on 5 September 2003.

##### Information of the Company

The principal activity of the Company is investment holding. The Group is principally engaged in high-tech business with focus on advance technology and information technology sector and property investment and trading.

##### DEFINITIONS

The following defined terms are used in this announcement:

"Company"	Shenzhen High-Tech Holdings Limited
"Conditions"	the conditions to be satisfied prior to completion of the Placing, as stated above under the heading "Conditions"
"Director(s)"	director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Placing"	the placing of the Placing Shares pursuant to the Placing Agreement
"Placing Agent"	Dao Heng Securities Limited, a deemed licensed corporation registered under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Placing Agreement"	A conditional placing agreement between the Company and the Placing Agent dated 4 September 2003 in relation to the Placing
"Placing Shares"	A total of 1,378,600,000 new Shares
"Shares"	ordinary shares of HK\$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent

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

Hong Kong, 4 September 2003