



SHENZHEN HIGH-TECH HOLDINGS LIMITED

深圳科技控股有限公司

(Incorporated in Bermuda with limited liability)

PLACING OF NEW SHARES

Placing Agent



道亨證券有限公司
DaoHeng Securities Ltd.

PLACING

On 20 February 2004, the Company entered into a conditional placing agreement with the Placing Agent pursuant to which the Placing Agent will place up to 2,392,000,000 new Shares at HK\$0.056 per Share to not less than six independent placees on a "best effort" basis.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent. The Placing Price of HK\$0.056 represents: (i) a discount of about 20% to the closing price of HK\$0.070 per Share as quoted on the Stock Exchange on 20 February 2004, the last trading day prior to suspension of trading in the Shares on 23 February 2004 pending the issue of this announcement; (ii) a discount of about 27.9% to the average closing price of HK\$0.0777 per Share over the last 10 trading days up to and including 20 February 2004; and (iii) a discount of about 26.8% to the average closing price of HK\$0.0765 per Share for the one month period up to 20 February 2004.

The net proceeds received by the Company under the Placing are estimated to be HK\$129 million. As stated in the announcement of the Company dated 16 February 2004, a wholly-owned subsidiary of the Company has entered into a conditional agreement for the acquisition of 3 residential buildings in Shun Jing Yuan (順景園), a low-density residential property project located in the northwest corner of Wai Ba Si Yuan Bridge, Dong Zhi Men, ChaoYang District, Beijing, PRC. The Board is contemplating to use all the proceeds for the completion of the acquisition and for re-decoration and re-furbishment of the units in the residential buildings. In view of the probable trend of increasing interest rate in the future, the Company considered that the Placing would be more appropriate than bank borrowings as a source of funds for the Company.

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

The Placing Agent will receive a placement commission of 3% on the gross proceeds of the Placing.

The Placing Shares represent about 19.9978% 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 Placing Shares.

SUSPENSION AND RESUMPTION OF TRADING OF THE SHARES

Trading in the Shares was suspended at the request of the Company with effect from 9:30 a.m. on 23 February 2004 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 24 February 2004.

PLACING

THE PLACING AGREEMENT

Date

20 February 2004

Issuer

The Company

Placing Agent

The Placing Agent and its ultimate beneficial owners are independent of and not connected with any of the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates.

The Placing Agent will receive a placement commission of 3% on the gross proceeds of the Placing.

The placement commission was determined after arm's length negotiations between the Company and the Placing Agent. The Placing will provide funds to finance the expansion plans as stated in the section headed "Reasons for the Placing" below. The Directors consider that the expansion plans are in the interests of the Company and the Shareholders as a whole. If the Placing does not proceed, the Company may forgo a good opportunity to raise equity fund to finance the expansion plans. Hence, the Directors consider the placement commission is fair and reasonable.

Placees

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

The Placing Price

The Placing Price of HK\$0.056 represents:

- a discount of about 20% to the closing price of HK\$0.070 per Share as quoted on the Stock Exchange on 20 February 2004, the last trading day prior to suspension of trading in the Shares on 23 February 2004 pending the issue of this announcement;
- a discount of about 27.9% to the average closing price of HK\$0.0777 per Share over the last 10 trading days up to and including 20 February 2004; and
- a discount of about 26.8% to the average closing price of HK\$0.0765 per Share for the one month period up to 20 February 2004.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent, having taken into account of the following factors:

- the then prevailing prices of the Share;
- the low liquidity of the Shares. The average daily trading volume of the Shares for the one month period up to 20 February 2004 was about 132 million Shares, representing about 1.1% of the existing issued share capital of the Company; and
- 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.

Taking advantage of a broad market rally, the Directors consider that it is a golden opportunity for the Company to raise further funds through a share placement. The Directors consider that the Placing is in the benefit of the Company and the Shareholders as a whole. Hence, the dilution effect on the shareholding interests of the Shareholders as a result of the Placing is considered acceptable.

The Directors have evaluated other means of fund raising including debt financing, which however will increase the finance costs of the Group and is not considered to be favourable since the interest rates are expecting to increase in the future.

In light of the above factors, the Directors consider the Placing Price is fair and reasonable.

Number of the Placing Shares

Pursuant to the Placing Agreement, the Placing Agent has agreed to place up to 2,392,000,000 new Shares on a "best effort" basis, representing about 19.9978% 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 Placing Shares.

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

The Placing will proceed in respect of such number of the Placing Shares as the Placing Agent successfully places to the placees. Further announcement will be made in the event that not all the Placing Shares are placed.

Costs and expenses

Pursuant to the Placing Agreement, the Company will bear all costs and expenses in relation to the Placing.

Ranking of the Placing Shares

The Placing Shares, when fully paid, will rank pari passu in all respects with the Shares currently in issue.

General mandate

The Placing Shares will be allotted and issued under the general mandate granted to the Board at the Company's special general meeting held on 26 January 2004.

Conditions

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

- the granting by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Placing Shares;
- the Bermuda Monetary Authority granting permission (if necessary) for, among other matters, the issue of the Placing Shares; and
- all relevant approvals from governmental authorities have been obtained.

The Placing Agreement will lapse if the above conditions are not satisfied on or before 3 March 2004 unless the parties agree otherwise. Further announcement will be made by the Company if the Placing Agreement lapses.

Completion

Completion of the Placing Agreement will take place on the second business day (or such later date as may be agreed between the parties to the Placing Agreement) following the day on which all of the conditions as set out in the above section headed "Conditions" are satisfied.

Use of proceeds

The net proceeds received by the Company under the Placing are estimated to be HK\$129 million. As stated in the announcement of the Company dated 16 February 2004, a wholly-owned subsidiary of the Company has entered into a conditional agreement for the acquisition of 3 residential buildings in Shun Jing Yuan (順景園), a low-density residential property project located in the northwest corner of Wai Ba Si Yuan Bridge, Dong Zhi Men, ChaoYang District, Beijing, PRC. The Board is contemplating to use all the proceeds for the completion of the acquisition and for re-decoration and re-furbishment of the units in the residential buildings. No determination of the allocation of the proceeds from the Placing between the uses described above has been made by the Directors.

In view of the probable trend of increasing interest rate in the future, the Company considered that the Placing would be more appropriate than bank borrowings as a source of funds for the Company.

REASONS FOR THE PLACING

As stated in the annual report of the Company for the financial year ended 31 December 2002, the principal activities of the Group consist of: (i) manufacturing and sale of high-tech computers and servers; (ii) property investment, development and trading; (iii) providing ophthalmology treatments; (iv) investment holding; and (v) the provision of financial services and securities trading.

The Board believes that there are substantial growth opportunities in the PRC's property market since the living standard and the economy in the PRC continue to improve.

The Placing will help to strengthen the Group's capital base and the financial resources for future development of the Group. Therefore, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole, and also the discounts of the Placing Price to the prevailing market prices and the dilution effect on the shareholding interests of the Shareholders are acceptable.

SUMMARY OF FUND RAISING EXERCISES IN THE PAST 12 MONTHS

Set out below is a table showing the fund raising exercises of the Company in the past 12 months.

Date of the relevant agreement	Nature of the transaction	Number of Shares issued pursuant to the agreement	Issue price per Share HK\$	Discount of the issue price to the average share price for the last 10 trading days prior to the issue of the relevant announcement	Amount of net proceeds HK\$	Intended use of proceeds at the time of fund raising	Actual use of net proceeds
4 September 2003	Pursuant to the placing agreement, the Company has issued new Shares to independent investors through a placing agent	1,378,600,000	0.068	29.9%	91,400,000	General working capital Note 1	Note 2
20 October 2003	Pursuant to the subscription agreement, new Shares are subscribed by a strategic investor	1,654,351,792	0.060	18.7%	96,000,000	Principally for the expansion of business of Dawning Information Industry (Shenzhen) Limited ("Dawning"), a wholly-owned subsidiary of the Company, and related property projects	Note 3
10 December 2003	Pursuant to the placing agreement, the Company has issued new Shares to independent investors through a placing agent	1,985,200,000	0.056	25.6%	107,300,000	Note 4	Note 5

1. As stated in the Company's announcement dated 4 September 2003, the net proceeds from the placing will be used for general working capital purpose and the Company will consider expansion or investment opportunities.
2. (a) On 10 December 2003, around HK\$50 million was paid as consideration for the acquisition of the 49% interest in the whole of level 4 and six units on level 5 of East Gate Plaza, Block B, 29 Dong Zhong Street, Dong Cheng District, Beijing, the PRC from Mrs. Ngo Ting, Juvy, an independent third party not connected with any of the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates.
- (b) To provide additional working capital to Beijing CPT Bluetus Co. Ltd. ("Beijing CPT"), a non wholly owned subsidiary of the Company, around RMB10,000,000 (equivalent to approximately HK\$9.4 million) has been transferred to Beijing CPT as its registered capital. Beijing CPT is principally engaged in development of business-level network storage systems and the provision of professional technical advice, program designing and structural planning for finance, telecommunication, media, government and education sectors on the basis of broadband operation multimedia content service platform system; and
- (c) The balance of around HK\$32 million has been retained for general working capital of the Group and is temporarily deposited with banks as deposits.
3. (a) Around HK\$60 million was deployed as general working capital for Dawning, the major operating subsidiary of the Company, which is principally engaged in the production and sale of computers and servers and related property projects.
- (b) The balance of around HK\$36 million will be earmarked as part of the financial resources required for setting up new manufacturing bases and research centres for Dawning.
4. As stated in the Company's announcement dated 12 December 2003, it is intended that HK\$25 million will be transferred to Wu Han Jingke Information Industry Co., Ltd. ("Wu Han Jingke") as its general working capital. Wu Han Jingke, a sino-foreign joint venture established in the PRC in 2001 and is owned as to 51% by the Company, is principally engaged in the manufacturing of quartz oscillators and resonators. The balance of the net proceeds will be used principally for property development projects in the PRC.
5. A sum of RMB 50,000,000 has been paid as deposit for acquisition of PRC property as stated in the announcement of the Company dated 16 February 2004. The balance of the net proceeds will be used principally for property development projects in the PRC.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a table showing the existing shareholding structure and the structure upon issue of the maximum number of Placing Shares.

	Existing shareholding structure		Upon issue of the maximum number of Placing Shares	
	Number of Shares	%	Number of Shares	%
Thing On Group Limited	1,654,351,792	13.83	1,654,351,792	11.53
Great Mind Holdings Group Limited	1,289,090,260	10.78	1,289,090,260	8.98
Shenzhen Investment Holding Corporation Public	320,335,712	2.68	320,335,712	2.23
	8,697,532,991	72.71	11,089,532,991	77.26
	<u>11,961,310,755</u>	<u>100.00</u>	<u>14,353,310,755</u>	<u>100.00</u>

GENERAL

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

SUSPENSION AND RESUMPTION OF TRADING OF THE SHARES

Trading in the Shares was suspended at the request of the Company with effect from 9:30 a.m. on 23 February 2004 pending the issue of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 24 February 2004.

DEFINITIONS

"associate"	has the same meaning as ascribed thereto in the Listing Rules
"Board"	the board of Directors
"Company"	Shenzhen High-Tech Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
"Directors"	the directors of the Company
"Group"	the Company and its Subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Placing"	the proposed placing of the Placing Shares pursuant to the Placing Agreement
"Placing Agent"	Dao Heng Securities Limited, a deemed licensed corporation under the Securities & Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to conduct types 1, 4, 6 and 9 regulated activities
"Placing Agreement"	the conditional placing agreement dated 20 February 2004 between the Company and the Placing Agent relating to the Placing
"Placing Price"	HK\$0.056, the placing price of each of the Placing Shares
"Placing Shares"	up to 2,392,000,000 new Shares to be issued pursuant to the Placing Agreement
"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) for the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiary"	has the same meaning as provided in section 2 of the Companies Ordinance, Cap. 32, laws of Hong Kong
"HK\$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC, and the exchange rate for RMB into HK\$ for the purpose of this announcement is RMB1.06 = HK\$1.00
"%"	per cent

By Order of the Board
Wong Chung Tak
 Chairman