



SUN EAST TECHNOLOGY (HOLDINGS) LIMITED

日 東 科 技（ 控 股 ） 有 限 公 司 \*

(incorporated in the Bermuda with limited liability)

PLACING OF EXISTING SHARES  
AND SUBSCRIPTION OF NEW SHARES  
AND RESUMPTION OF TRADING OF SHARES

Placing Agent



Guotai Junan Securities (Hong Kong) Limited

On 2 October 2003, the Vendor and GTJS entered into the Placing Agreement where GTJS has been appointed as the Placing Agent to place 38,000,000 existing Shares beneficially owned by the Vendor to independent investors at a price of HK\$0.61 per Placing Share on a best effort basis. This price was determined after arm’s length negotiation between the Vendor and the Placing Agent and represents (i) a discount of approximately 12.86% to the closing price of HK\$0.70per Share as quoted on the Stock Exchange immediately preceding the suspension of trading of the Shares on 2 October 2003; and (ii) a discount of approximately 5.43% to the average closing price of HK\$0.645 per Share as quoted on the Stock Exchange for the ten consecutive trading days ended 2 October 2003.

On the same date, the Vendor and the Company entered into the Subscription Agreement where the Vendor has conditionally agreed to subscribe and the Company agreed to allot and issue 38,000,000 Subscription Shares at a price of HK\$0.61 per Subscription Share. The net proceeds of the Subscription are expected to amount to approximately HK\$22.5 million and will be used (i) as to approximately HK\$10 million for purchasing production equipments for manufacturing of production lines served for fabrication and assembly processes and (ii) as to approximately HK\$12.5 million as general working capital of the Group.

The Placing Shares represents approximately 12.18% of the existing issued share capital of the Company and approximately 10.86% of the Company’s issued share capital as enlarged by the issue of the Subscription Shares. The Subscription Shares will be allotted and issued pursuant to the resolutions passed at the annual general meeting of the Company held on 29 August 2003 authorising the directors to issue new Shares up to a maximum of 20% of the issued share capital of the Company.

Completion of the Subscription is subject to the satisfaction of certain conditions as described below.

Trading in the Shares was suspended from 2:30 p.m. on 2 October 2003 at the request of the Company pending this announcement and application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 6 October 2003.

THE PLACING

Date:	2 October 2003
Vendor:	The Vendor, the controlling shareholder of the Company, which is interested in approximately 50.50% of the existing issued share capital of the Company.
Placing Agent:	GTJS has been appointed as the Placing Agent to place the Placing Shares on a best effort basis. The Placing Agent is independent of and not connected with the directors, chief executive or substantial shareholders of any member of the Group or any of their respective associates (as defined in the Listing Rules).
Placees:	Not less than six placees who are individual and corporate investors. Such placees and their ultimate beneficial owners and parties acting in concert with them are independent third parties not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined in the Listing Rules). None of the placees will become a substantial shareholder of the Company immediately following the completion of the Placing.
Number of Placing Shares:	38,000,000 existing Shares, representing approximately 12.18% of the existing issued share capital of 312,000,000 Shares of the Company and approximately 10.86% of the issued share capital of the Company as enlarged by the Subscription to 350,000,000 Shares.
Placing Price:	HK\$0.61 per Placing Share. This price was determined after arm’s length negotiation between the Vendor and the Placing Agent and represents (i) a discount of approximately 12.86% to the closing price of HK\$0.70 per Share as quoted on the Stock Exchange immediately preceding the suspension of trading of the Shares on 2 October 2003; and (ii) a discount of approximately 5.43% to the average closing price of HK\$0.645 per Share as quoted on the Stock Exchange for the ten consecutive trading days ended 2 October 2003. The Company will bear all costs and expenses in connection with the Placing and the Subscription.
Completion:	Completion of the Placing will take place on or before the third day immediately following the date of the Placing and Subscription Agreement (or such other time as the Vendor and the Placing Agent shall agree) but, in any event, no later than 14 days from the date of the Placing Agreement.

THE SUBSCRIPTION

Date:	2 October 2003
Issuer:	The Company
Subscriber:	The Vendor
Number of Subscription Shares:	The Company will allot and issue and the Vendor will subscribe for such number of new Shares as is equivalent to the aggregate number of Placing Shares sold to the placees under the Placing up to a maximum number of 38,000,000 new Shares. Such maximum number of 38,000,000 new Shares represents approximately 12.18% of the existing issued share capital 312,000,000 Shares of the Company and approximately 10.86% of the issued share capital of the Company as enlarged by the issue of Subscription Shares to 350,000,000 Shares.
Subscription Price:	HK\$0.61 per Subscription Share.
General Mandate to allot and issue new Shares:	The Subscription Shares will be allotted and issued pursuant to the resolutions passed at the annual general meeting of the Company held on 29 August 2003 authorising the Directors to issue new shares up to a maximum of 20% of the issued share capital of the Company.
Ranking:	The Subscription Shares, when fully paid and issued, will rank pari passu in all respects among themselves and with the existing Shares.
Conditions:	<p>The Subscription is conditional upon:</p> <p>(a) completion of the Placing;</p> <p>(b) the Listing Committee of the Stock Exchange granting or agreeing to grant a listing of, and permission to deal in, the Subscription Shares;and</p> <p>(c) the Bermuda Monetary Authority approving the issue of the Subscription Shares (if required).</p> <p>The conditions must be satisfied within 14 days from the date of the Placing Agreement (i.e. on or before 16 October 2003) unless a later date is agreed by the Vendor and the Company. If the Subscription is completed after this date, the Subscription will constitute a connected transaction and the Company will fully comply with the requirements of Chapter 14 of the Listing Rules in such event. If any of the above conditions including condition (c) are not fully fulfilled or satisfied within the time specified, the Subscription will lapse.</p>
Completion:	Completion of the Subscription is expected to be completed immediately after full satisfaction of the abovementioned conditions of the Subscription, and in any event will not exceed 14 days from the date of the Placing Agreement.

USE OF PROCEEDS OF THE SUBSCRIPTION

The net proceeds of the Subscription are expected to amount to approximately HK\$22.5 million. The Company currently intends to use the net proceeds as follows:

- approximatley HK\$10 million for purchasing production equipments for manufacturing of production lines served for fabrication and assembly processes; and
  - approximatley HK\$12.5 million will be used as the general working capital of the Group.
- The Company has not conducted any fund raising activities for the past 12 months.

EFFECTS ON SHAREHOLDING

The shareholding structures of the Company immediately before completion of the Placing, after completion of the Placing but before completion of the Subscription, and after completion of both the Placing and the Subscription are as follows:

	Before Placing and Subscription		After Placing but before Subscription		After Placing and Subscription	
	Shares	%	Shares	%	Shares	%
The Vendor	157,575,600	50.50	119,575,600	38.32	157,575,600	45.02
Sum Win	1,732,000	0.56	1,732,000	0.56	1,732,000	0.49
Benefit Return	4,611,800	1.48	4,611,800	1.48	4,611,800	1.32
Sundial	280,200	0.09	280,200	0.09	280,200	0.08
Placees	–	–	38,000,000	12.18	38,000,000	10.86
Public	147,800,400	47.37	147,800,400	47.37	147,800,400	42.23
Total	<u>312,000,000</u>	<u>100.00</u>	<u>312,000,000</u>	<u>100.00</u>	<u>350,000,000</u>	<u>100.00</u>

BUSINESS OF THE GROUP

The principal activities of the Company is investment holding. The principal activities of the Group comprise design, manufacture and distribution of production lines for the manufacturers of consumer electronic products, home electrical appliaces and telecommunication products, and the distribution of brand name production equipment for the manufacturers of electronic products. The production lines designed and manufactured by the Company consist mainly of equipment for fabrication and assembly processes as well as insertion and assembly conveyor systems.

GENERAL

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

SUSPENSION AND RESUMPTION OF TRADING

The Placing Agent approached Mr. But Tin Hing and Mr. Leung Cheong, being directors of the Company, and made enquiries in relation to their intention or need of any fund raising opportunity on 18 September 2003, when the closing price per Share was HK\$0.66 on the same day. The Placing Agent did not propose or offer any terms in respect of any fund raising opportunity. Both of them did not show any interest on any fund raising opportunity, nor did they respond to the Placing Agent at that time. Accordingly, no further negotiation or discussion in relation to the terms of any fund raising opportunity was conducted between the Placing Agent and the directors of the Company prior to the release of the announcement of the Company dated 30 September 2003 where they stated that they were not aware of any reasons for the increases in the price and trading volume of the shares of the Company.

About 8:30 a.m. on 2 October 2003, the Placing Agent approached Mr. But Tin Hing and Mr. Leung Cheong, being directors of the Company, again and proposed to them a fund raising exercise by way of placing together with the proposed terms (which are the same as the finalized terms as set out in this announcement). At around 11:45 a.m. on 2 October 2003, all of the directors of the Company, after considering the favourable market sentiment on the same day (where the Hang Seng Index has surged by over 200 points at that time) and the terms of the proposed placing, decided and held a board meeting to approve and proceed with the Placing and agreed with the Placing Agent details of the terms of the Placing.

Trading in the Shares was suspended from 2:30 p.m. on 2 October 2003 at the request of the Company pending this announcement and application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 6 October 2003.

DEFINITIONS

The following defined terms are used in this announcement:

“Benefit Return”	Benefit Return Inc., a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Leung Kuen, Ivan, a director of the Company
“Company”	Sun East Technology (Holdings) Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange
“Group”	the Company and its subsidiaries
“GTJS” or the “Placing Agent”	Guotai Junan Securities (Hong Kong) Limited, a licensed corporation to carry on business in types 1, 4, 6, 7 and 9 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Hong Kong”	the 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 38,000,000 Placing Shares by the Vendor pursuant to the Placing Agreement
“Placing Agreement”	the agreement entered into between the Vendor and the Placing Agent dated 2October 2003 in relation to the Placing
“Placing Shares”	a total of 38,000,000 existing Shares beneficially owned by the Vendor to be placed pursuant to the Placing Agreement
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for 38,000,000 Subscription Shares by the Vendor pursuant to the Subscription Agreement
“Subscription Agreement”	the agreement entered into between the Vendor and the Company dated 2 October 2003 in relation to the Subscription
“Subscription Shares”	a total of 38,000,000 new Shares to be subscribed by the Vendor pursuant to the Subscription Agreement
“Sum Win”	Sum Win Management Corp., a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. But Tin Fu, a director of the Company
“Sundial”	Sundial International Ltd., a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Leung Cheong, a director of the Company
“Vendor”	Mind Seekers Investment Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Messrs. But Tin Hing, But Tin Fu, Leung Cheong and Leung Kuen, Ivan (all are executive directors of the Company) as to 50%, 20%, 20% and 10% respectively and the largest shareholder of the Company holding approximately 50.50% of the issued share capital of the Company as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**Sun East Technology Holdings Limited**  
**But Tin Hing**  
*Chairman*

Hong Kong, 3 October 2003

\* For identification purpose only