

# STARLITE

## STARLIGHT INTERNATIONAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

### PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

#### Placing Agent



The Placing and Subscription Agreement was entered into on 28 July 2003, pursuant to which the Vendors have appointed the Placing Agent as their placing agent to place, on a best effort basis, an aggregate of up to 300,000,000 Placing Shares which they held to independent third parties who are independent of and not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates at HK\$0.22 per Placing Share.

Pursuant to the Placing and Subscription Agreement, the Vendors have conditionally agreed to subscribe for the Subscription Shares (the number of which is equivalent to the Placing Shares) at HK\$0.22 per Subscription Share. The Subscription is subject to various conditions set out below under the heading "Conditions of the Subscription".

Both the price per Placing Share and the price per Subscription Share are identical, and represent (i) a discount of approximately 10.20 per cent. to the closing price of HK\$0.245 per Share as quoted on the Stock Exchange at 10:00 a.m. on 28 July 2003 and (ii) a discount of approximately 2.87 per cent. to the average closing price of approximately HK\$0.2265 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 28 July 2003.

The Placing Shares represent approximately 11.0 per cent. of the existing issued share capital of the Company and approximately 9.9 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The Placing will reduce the aggregate shareholding of the Vendors and parties acting in concert with them from about 45.2 per cent. to approximately 34.2 per cent. of the existing issued share capital of the Company.

The Subscription will then increase the aggregate shareholding of the Vendors and parties acting in concert with it to approximately 40.7 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. An application has been made by the Vendors to the Executive for granting of a waiver from general offer obligation that might otherwise arise as a result of the Subscription.

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the special general meeting of the Company held on 12 September 2002.

The net proceeds from the Subscription, assuming that the 300,000,000 existing Shares are fully placed, will amount to about HK\$63,000,000. The Company intends to use the proceeds (i) as to approximately HK\$40 million for construction of the first phase of a new production facility in the northern part of Guangdong province, the People's Republic of China, and (ii) the balance of approximately HK\$23 million for general working capital of the Group.

Trading in the Shares was suspended at 10:00 a.m. on 28 July 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 30 July 2003.

The Placing and Subscription Agreement dated 28 July 2003 was entered into between the Company, the Vendors and the Placing Agent.

#### 1. The Placing

##### Vendors:

- (1) Mr Philip Lau, an executive Director who, as at the date of this announcement, personally owned 200,516,288 Shares, representing approximately 7.3 per cent. of the existing issued share capital of the Company; and
- (2) PL Holding, a company beneficially owned by a discretionary trust, the discretionary objects of which include Mr Philip Lau and his immediate family members (and, for this purpose, not including other members of the Lau Family) and as at the date of this announcement, owned 670,546,202 Shares, representing approximately 24.6 per cent. of the existing issued share capital of the Company.

The Vendors, the Lau Family and their respective associates, are interested in approximately 45.2 per cent. of the existing issued share capital in the Company.

##### Number of Placing Shares:

The Placing Agent has agreed to procure, on a best effort basis, places for up to 300,000,000 Shares owned by the Vendors, representing approximately 11.0 per cent. of the existing issued share capital of 2,728,879,930 Shares as at the date of this announcement or approximately 9.9 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription. The Directors were advised by the Placing Agent that it has procured places for the entirety of the 300,000,000 Placing Shares.

##### Places:

More than six independent private individual and institutional investors who are independent of and not connected nor acting in concert with the directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates.

##### Placing price:

HK\$0.22 per Placing Share.

This price was agreed after arm's length negotiations. This price represents (i) a discount of approximately 10.20 per cent. to the closing price of HK\$0.245 per Share at 10:00 a.m. on 28 July 2003, being the last trading day immediately prior to this announcement; and (ii) a discount of approximately 2.87 per cent. to the average closing price of approximately HK\$0.2265 per Share as quoted on the Stock Exchange from 15 July 2003 to 28 July 2003, both dates inclusive, being the last ten trading days immediately prior to the date of this announcement.

##### Placing Agent:

GC Capital (Asia) Limited.

##### Independence of places and placing agent:

The places and their ultimate beneficial owners will be, and the Placing Agent is, independent of and not connected nor acting in concert with the Vendors or any persons acting in concert with them. The places and their ultimate beneficial owners and the Placing Agent are also independent of and not connected nor acting in concert with any of the directors, chief executive, substantial shareholders of the Company or any of its subsidiaries or any of their associates.

To the best knowledge of the Directors, none of the places will become substantial Shareholders immediately following the Placing.

##### Completion of the Placing:

Under the Placing and Subscription Agreement, the Placing is agreed to be completed (i.e. evidence to be provided by the Vendors to the Placing Agent to its reasonable satisfaction that such documents have been executed and instructions given by the Vendors as may be required to effect the transfer of such Placing Shares (all of which were deposited in CCASS account) to such CCASS participants' or investor participants' accounts as may be designated by the Placing Agent) on the business day immediately after the date of the Placing and Subscription Agreement (i.e. 28 July 2003) or such other time as the Vendors and the Placing Agent shall agree. As the settlement of the sale of the Placing Shares will be effected cross-board and resumption of trading of Shares on the Stock Exchange is expected to be 30 July 2003, it is expected that settlement of the transfer of the Placing Shares to the places will take place on or before 1 August 2003.

##### Rights of the Placing Shares

The Placing Shares will be sold by the Vendors free of liens, charges, encumbrances and any third party rights and together with all rights attaching thereto at the date of the Placing and Subscription Agreement.

#### 2. The Subscription

##### Subscriber: the Vendors

##### Number of Subscription Shares:

The Company will allot and issue and the Vendors will subscribe for such number of new Shares as is equivalent to the aggregate number of Placing Shares sold to the places under the Placing up to a maximum number of 300,000,000 Subscription Shares. Such maximum number of 300,000,000 Subscription Shares represents approximately 11.0 per cent. of the existing issued share capital of the Company as at the date of this announcement or approximately 9.9 per cent. of the issued share capital as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription.

##### Subscription price:

HK\$0.22 per Subscription Share, which is the equivalent of the price per Placing Share.

##### Mandate to allot and issue new Shares:

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors by a resolution of its Shareholders passed at the special general meeting of the Company held on 12 September 2002. The Company has not exercised the power to allot and issue any new Shares pursuant to such mandate prior to the Placing and the Subscription.

##### Ranking:

The Subscription Shares will rank equally in all respects among themselves and with all other Shares in issue as at the date of such allotment and issue pursuant to the Placing and Subscription Agreement.

##### Conditions of the Subscription:

The Subscription is conditional upon:

- (i) completion of the Placing pursuant to the Placing and Subscription Agreement;
- (ii) the Listing Committee of the Stock Exchange agreeing to grant a listing of, and permission to deal in, the Subscription Shares;
- (iii) the Executive (the "Executive") of the Corporate Finance Division of the Securities and Futures Commission granting a waiver to the Vendors to the effect that neither of the Vendors nor any party acting in concert with them will be obliged to make a general offer for the Shares under the Code on Takeovers and Mergers as a result of the Placing and the Subscription pursuant to the Placing and Subscription Agreement; and
- (iv) (if so required) the Bermuda Monetary Authority granting permission for the allotment and issue of the Subscription Shares.

None of the above conditions can be waived by the parties to the Placing and Subscription Agreement.

The aggregate shareholdings of the Vendors, the Lau Family and their respective associates (being parties deemed to be acting in concert under the Code on Takeovers and Mergers) will decrease from approximately 45.2 per cent. to approximately 34.2 per cent. immediately after the Placing and will increase back to approximately 40.7 per cent. immediately after the Subscription. Such change in shareholding will trigger an obligation to make a general offer under the Code on Takeovers and Mergers.

An application has been made by the Vendors to the Executive for the granting of a waiver from general offer obligation that might otherwise arise as a result of the Subscription.

##### Completion of the Subscription:

The completion of the Subscription will take place on the business day next following the day on which the conditions referred to above are fulfilled (which is expected to be on or before 10 August 2003) and in any event within 14 days from the date of the Placing and Subscription Agreement.

If the conditions are not fulfilled within the time specified above (or such later date as may be agreed by the Placing Agent, the Vendors and the Company), the Subscription will lapse. If the date of completion of the Subscription is to be extended beyond 10 August 2003, the Subscription will constitute a connected transaction under the Listing Rules which will require the approval of the independent Shareholders and the Company will take steps to ensure compliance with the Listing Rules. Further announcement will be made as and when appropriate.

##### Changes to the shareholding as a result of the Placing and the Subscription:

Assuming that the Placing Shares have been placed and the Subscription Shares have been subscribed, the shareholding of the Vendors, the Lau Family and their associates (being parties deemed to be acting in concert under the Code on Takeovers and Mergers) in the Company immediately before the Placing, immediately after the Placing but before the Subscription, and immediately after the Placing and the Subscription are as follows:

	Existing shareholding		After the Placing but before the Subscription		After the Placing and the Subscription	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>The Vendors, the Lau Family and their associates (being parties deemed to be acting in concert under the Code on Takeovers and Mergers)</b>	1,233,595,122	45.2	933,595,122	34.2	1,233,595,122	40.7
<b>Places</b>	–	–	300,000,000	11.0	300,000,000	9.9
<b>The public</b>	1,495,284,808	54.8	1,495,284,808	54.8	1,495,284,808	49.4
<b>In aggregate</b>	<u>2,728,879,930</u>	<u>100</u>	<u>2,728,879,930</u>	<u>100</u>	<u>3,028,879,930</u>	<u>100</u>

##### Reasons for the Placing and Subscription and use of proceeds:

In view of the current market condition, the Directors consider that the Placing and Subscription represent an ideal opportunity for the Company to raise additional capital for its future business development, to enhance its capital base and to increase its shareholders' base. The Directors (including the independent non-executive Directors) consider that the terms of the Placing and Subscription Agreement were fair and reasonable and they were in the best interests of the Company, as far as the Shareholders are concerned.

The net proceeds after deducting related placing commission, professional fees and all related expenses which will be borne by the Company under the Subscription of a maximum of 300,000,000 new Shares are estimated to be approximately HK\$63,000,000. The Company intends to use the proceeds (i) as to approximately HK\$40 million for construction of the first phase of a new production facility in the northern part of Guangdong province, the People's Republic of China, and (ii) the balance of approximately HK\$23 million for general working capital of the Group.

##### General information

The Group is principally engaged in the design, manufacture and sale of a wide range of electronic products and in securities trading.

The Group has not conducted any fund raising activities in the past 12 months from the date of this announcement.

##### Application for listing

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

Trading in the Shares was suspended at 10:00 a.m. on 28 July 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 30 July 2003.

##### Definitions

The following defined terms are used in this announcement:

"associates"	having the meaning ascribed thereto in the Listing Rules
"Board"	the board of Directors
"Company"	Starlight International Holdings Ltd., the shares of which are listed on the Stock Exchange
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Lau Family"	collectively, Messrs Lau Sak Hong, Philip, Lau Sak Kai, Anthony and Lau Sak Yuk, Andy (all of whom being current Directors) and other family members of the said persons
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Listing Committee"	the listing committee of the Stock Exchange
"Mr Philip Lau"	Mr Lau Sak Hong, Philip, an executive Director
"PL Holding"	Philip Lau Holding Corporation, a company beneficially owned by a discretionary trust, the discretionary objects of which include Mr Philip Lau and his immediate family members (and, for this purpose, not including other members of the Lau Family)
"Placing"	the placing of the Placing Shares pursuant to the terms of the Placing and Subscription Agreement
"Placing Agent"	GC Capital (Asia) Limited, a deemed licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Hong Kong Laws)
"Placing Shares"	up to 300,000,000 existing Shares
"Placing and Subscription Agreement"	the placing and subscription agreement dated 28 July 2003 between the Company, the Vendors and the Placing Agent
"Share(s)"	ordinary share(s) of HK\$0.10 in the capital of the Company
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	the subscription of the Subscription Shares to be subscribed for by the Subscriber pursuant to the Placing and Subscription Agreement
"Subscription Shares"	new Shares to be subscribed for by the Subscriber in such number as shall be equivalent to the number of the Placing Shares placed by the Placing Agent under the Placing and Subscription Agreement
"Vendors"	Mr Philip Lau and PL Holding

By order of the board of the Directors of  
Starlight International Holdings Ltd.  
Lau Sak Hong, Philip  
Chairman

Hong Kong, 29 July 2003

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, their opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any of their statements in this announcement misleading.