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ZIDA

ZIDA COMPUTER TECHNOLOGIES LIMITED

華基電腦科技有限公司

(incorporated in Bermuda with limited liability)

PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES

The Placing Agreement was entered into on 3 June 2003 between the Vendor and the Placing Agent pursuant to which the Vendor has agreed to place and the Placing Agent has agreed to procure, on a best efforts basis, purchasers for 16,000,000 existing Shares held by the Vendor at a price of HK\$0.238 per Placing Share.

The Subscription Agreement was entered into on 3 June 2003 between the Vendor and the Company pursuant to which the Vendor has agreed to subscribe for such number of new Shares equivalent to the number of Placing Shares actually placed by the Placing Agent under the Placing at a price of HK\$0.238 per new Share.

The net proceeds receivable by the Company under the Subscription are estimated to be approximately HK\$3,500,000. It is presently intended that such net proceeds will be used for reinforcing marketing efforts with a view to enhancing the brandname “VCT維思達” in the PRC which is used in the development, design and manufacturing of network products of the Group.

At the request of the Company, the trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 5 June 2003 pending the release of this announcement. Application has been made for the resumption of the trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 6 June 2003.

PLACING AGREEMENT DATED 3 JUNE 2003

The Placing Agreement was entered into on 3 June 2003 between the Vendor and the Placing Agent pursuant to which the Vendor has agreed to place and the Placing Agent has agreed to procure, on a best efforts basis, purchasers for 16,000,000 existing Shares held by the Vendor at a price of HK\$0.238 per Placing Share.

Placing Agent

KCG Securities Asia Limited.

Placing Shares

Up to 16,000,000 Shares are to be placed, representing approximately 8.5% of the existing issued share capital of the Company and approximately 7.84% of its issued share capital as enlarged by issue of 16,000,000 new Shares.

Independence of placees and the Placing Agent

Based on the confirmation by the Placing Agent, the Placing Agent is independent of and not connected with the Company, any director, chief executive or substantial shareholder of the Company or any of its subsidiaries or any of their respective associates. None of the placees will become a substantial shareholder of the Company by reason of the Placing without taking into account any Share held by the placees immediately before completion of the Placing.

The Placing Agent has agreed to procure, on a best efforts basis, not less than 6 individual, institutional or other professional investors who are independent of and not connected with the Company, any director, chief executive or substantial shareholder of the Company or any of its subsidiaries or any of their respective associates, to purchase the Placing Shares. The Placing Agent will receive a commission of 2.5% on the aggregate Placing Price of the Shares actually placed by the Placing Agent.

Placing Price

The price for the Placing Shares is HK\$0.238 per Placing Share, representing a discount of approximately 17.93% to the closing price of HK\$0.29 per Share as quoted on the Stock Exchange on 3 June 2003, being the last trading day prior to suspension of the trading in the Shares pending the release of this announcement, and also representing a discount of approximately 20.67% to the average closing price of HK\$0.30 per Share as quoted on the Stock Exchange for the 10 trading days up to and including 3 June 2003. The Placing Price was determined after arm’s length negotiation between the Vendor and the Placing Agent.

Completion of Placing

Completion of the Placing shall take place on or before 6 June, 2003.

SUBSCRIPTION AGREEMENT DATED 3 JUNE 2003

The Subscription Agreement was entered into on 3 June 2003 between the Vendor and the Company pursuant to which the Vendor has agreed to subscribe for such number of new Shares equivalent to the number of Placing Shares actually placed by the Placing Agent under the Placing at a price of HK\$0.238 per new Share.

Subscription Shares

The Vendor has agreed, conditionally as referred to below, to subscribe for such number of new Shares equivalent to the number of Placing Shares actually placed by the Placing Agent under the Placing.

Up to 16,000,000 new Shares are to be subscribed for, representing approximately 8.5% of the existing issued share capital of the Company and approximately 7.84% of its issued share capital as enlarged by the issue of 16,000,000 new Shares.

Subscription Price

The price for the Subscription Shares is HK\$0.238 per Subscription Share.

Conditions and completion of the Subscription

Completion of the Subscription is conditional upon the following taking place on or before 17 June 2003:

- (a) completion of the Placing Agreement; and
- (b) the Stock Exchange granting listing of and permission to deal in the Subscription Shares.

The Subscription is to be completed within 14 days after the date of the Placing Agreement, i.e., on or before 17 June 2003.

Mandate to issue the Subscription Shares

The Subscription Shares will be issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 18 July 2002.

Effects on shareholding structure

The effects on the shareholding structure of the Company pursuant to the Placing and the Subscription are as follows:

	At present		Immediately after completion of the placing of 16,000,000 existing Shares but before the Subscription		Immediately after completion of the placing of 16,000,000 existing Shares and the subscription of 16,000,000 new Shares	
	Number of Shares (000)	%	Number of Shares (000)	%	Number of Shares (000)	%
Vendor	112,800	59.95	96,800	51.45	112,800	55.25
Ms. Tang	28,200	14.99	28,200	14.99	28,200	13.81
Placees	–	–	16,000	8.50	16,000	7.84
Public	47,145	25.06	47,145	25.06	47,145	23.10
Total	188,145	100.00	188,145	100.00	204,145	100.00

Reason for the Placing and the Subscription

The Placing together with the Subscription will broaden the capital base and shareholder base of the Company. The Directors are of the opinion that the terms (including the Subscription Price) of the Placing and the Subscription are fair and reasonable and are in the best interest of the Company and its shareholders.

Use of Proceeds of the Subscription

The net proceeds receivable by the Company under the Subscription are estimated to be approximately HK\$3,500,000. It is presently intended that such net proceeds will be used for reinforcing marketing efforts with a view to enhancing the brandname “VCT維思達” in the PRC which is used in the development, design and manufacturing of network products of the Group.

The Company has not undertaken any fund raising activities by way of issuing equity or debt securities listed on the Stock Exchange in the past 12 months prior to the date hereof.

Application for Listing

The Company will make an application to the Stock Exchange for the grant of the listing of, and permission to deal in, the Subscription Shares.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, the trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 5 June 2003 pending the release of this announcement. Application has been made for the resumption of the trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 6 June 2003.

DEFINITIONS

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

“associates”	has the meaning as ascribed in the Listing Rules
“Company”	Zida Computer Technologies Limited, an exempted company incorporated in Bermuda with limited liability and which Shares are listed on the Main Board of the Stock Exchange
“BVI”	British Virgin Islands
“Board”	the board of Directors
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chang”	Mr. Chang Chung Wa, Eddie, an executive Director
“Ms. Tang”	Ms. Tang Kit Ching, Venus, an executive Director
“Placing”	the placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement
“Placing Agent”	KCG Securities Asia Limited, a deemed licensing corporation permitted to engage in types 1, 4, 6 and 9 of the regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	a placing agreement dated 3rd June 2003 entered into between the Vendor and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.238 per Placing Share
“Placing Shares”	a total of up to 16,000,000 existing Shares held 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 of the Subscription Shares at the Subscription Price pursuant to the Subscription Agreement
“Subscription Agreement”	a subscription agreement dated 3rd June 2003 entered into between the Company and the Vendor in relation to the Subscription
“Subscription Price”	HK\$0.238 per Subscription Share
“Subscription Shares”	new Shares to be subscribed for by the Vendor pursuant to the Subscription Agreement, which is in such number equivalent to the number of Shares actually placed by the Placing Agent pursuant to the Placing Agreement
“Vendor”	Tactful Finance Limited, a company incorporated in the BVI which currently holds 112,800,000 Shares representing 59.95% of the Company’s existing issued share capital, the entire issued share capital of which is wholly owned by Spiritrider Development Inc., Spiritrider Development Inc. is a company incorporated in the BVI, the entire issued share capital of which is wholly owned by A-One International Limited. A-One International Limited is a company incorporated in the BVI, the entire issued share capital of which is wholly owned by Maple Securities Limited. Maple Securities Limited is a company incorporated in the BVI, which is a discretionary trust set up by Mr. Chang, the trustee of which is HSBC International Trustee Limited, the beneficiaries of which include the family members of Mr. Chang
	Hong Kong dollars
	per cent

By order of the Board

Zida Computer Technologies Limited

Chang Chung Wa, Eddie

Director

Hong Kong, 5 June, 2003