



# SKY HAWK COMPUTER GROUP HOLDINGS LIMITED

## 天鷹電腦集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1129)

### PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Sole Placing Agent



#### Emperor Securities Limited

The Placing Agreement was entered on 24 May 2005 pursuant to which the Placing Agent has agreed to place, on a best endeavours basis, 99,000,000 existing Shares held by the Vendor. The Placing will be made to not less than six independent professional, institutional and/or other investors at the Placing Price of HK\$0.10 per Placing Share.

The Subscription Agreement was entered on 24 May 2005 pursuant to which the Vendor will subscribe for 99,000,000 new Shares, which is equivalent to the number of Placing Shares, at the Subscription Price of HK\$0.10 per Share. The Subscription is conditional upon the grant of the listing of, and permission to deal in, the Subscription Shares by the Listing Committee and completion of the Placing, in each case, on or before 7 June 2005. Application will be made to the Listing Committee for the grant of the listing of, and permission to deal in, the Subscription Shares.

As at the date of this announcement, the Vendor holds approximately 49.17% of the existing issued capital of the Company. Upon completion of the Placing and the Subscription, the Vendor will hold approximately 40.98% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Placing and the Subscription will strengthen the financial position of the Group and will enlarge the shareholder base and the capital base of the Company. Assuming the Placing is completed, the net proceeds from the Subscription are estimated to be approximately HK\$9.552 million. It is the intention of the Directors to use such net proceeds for general working capital.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended at 9:30 a.m. on 24 May 2005 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 25 May 2005.

#### THE PLACING

Date of the Placing Agreement:

24 May 2005

The Vendor:

Mr. Wang Chia Chin, the chairman of the Company. The Vendor currently holds 243,403,000 Shares, representing approximately 49.17% of the existing issued share capital of the Company.

Basis of Placing:

The Placing Agent will place the Placing Shares on a best endeavours basis.

Number of Placing Shares:

99,000,000 existing Shares held by the Vendor, representing 20% of the existing issued share capital of the Company or approximately 16.67% of the issued share capital of the Company as enlarged by the Subscription.

Placing Price:

HK\$0.10 per Share, representing (i) a discount of approximately 2% to the closing price of HK\$0.102 per Share as quoted on the Stock Exchange on 23 May 2005, being the last trading day prior to the suspension of trading in the Shares on the Stock Exchange pending the release of this announcement; (ii) a premium of approximately 6.61% to the average of the closing price of Shares of approximately HK\$0.0938 per Share over the last 5 consecutive trading days up to and including 23 May 2005; and (iii) a premium of approximately 24.38% to the average of the closing price of Shares of approximately HK\$0.0804 per Share over the last 10 consecutive trading days up to and including 23 May 2005.

After taking into consideration of the costs and expenses in relation to the Placing and Subscription, the net price of each Placing Share is approximately HK\$0.096 per Share, representing (i) a discount of approximately 5.88% to the closing price of HK\$0.102 per Share as quoted on the Stock Exchange on 23 May 2005; (ii) a premium of approximately 2.35% to the average of the closing price of Shares of approximately HK\$0.0938 per Share over the last 5 consecutive trading days up to and including 23 May 2005; and (iii) a premium of approximately 19.4% to the average of the closing price of Shares of approximately HK\$0.0804 per Share over the last 10 consecutive trading days up to and including 23 May 2005.

The Placing Price is determined after arm's length negotiation between the Company, the Vendor and the Placing Agent and taking into account the general market conditions. The Directors consider that the Placing Price (including the discount to the closing price of the Shares as shown above on 23 May 2005, being the last trading day prior to the suspension of trading in the Shares on the Stock Exchange pending the release of this announcement) is fair and reasonable and to the best interests of the Company and its shareholders as a whole.

Rights:

The Placing Shares will be sold free from any third party rights. The Placees will receive all dividends and distributions declared, made or paid on or after 24 May 2005.

Placees:

Not less than six independent Placees

Placing Agent:

Emperor Securities Limited

Independence of the Placees and the Placing Agent:

The Placing Agent and the Placees, together with their ultimate beneficial owner(s) (if any), are and will be independent of and not connected with the Company, the directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company or its subsidiaries or any of their respective associates.

Conditions of the Placing:

The Placing is unconditional.

Completion of the Placing:

Completion of the Placing is expected to take place on or before 27 May 2005.

#### THE SUBSCRIPTION

Date of the Subscription Agreement:

24 May 2005

Subscriber:

The Vendor

Number of Subscription Shares:

99,000,000 new Shares, which are equivalent to the number of the Placing Shares. Such new Shares represent 20% of the existing share capital of the Company and 16.67% of the issued share capital of the Company as enlarged by the Subscription.

Subscription Price:

HK\$0.10 per Share, which is equivalent to the Placing Price.

Ranking:

The Subscription Shares, when issued and fully paid, will rank equally in all respects among themselves and with the Shares in issue as at the date of the allotment and issue of the Subscription Shares.

Conditions and completion of the Subscription:

The Subscription by the Vendor of the Subscription Shares is conditional upon:

- the Placing Agreement not being terminated and completion of the Placing in accordance with the terms of the Placing Agreement; and
- the Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the Subscription Shares.

The above conditions must be satisfied within 14 days from the date of the Subscription Agreement, or such other date as the parties may agree. If any conditions above stated are not being satisfied, all rights, obligations and liabilities of the parties in relation to the Subscription will cease and determine.

Completion of the Subscription is expected to take place on or before 8 June 2005.

Application for listing:

Application will be made to the Listing Committee for the grant of the listing of, and permission to deal in, the Subscription Shares.

#### MANDATE TO ISSUE SUBSCRIPTION SHARES

The Subscription Shares will be allotted and issued under the general mandate granted to the Directors pursuant to a resolution passed at the annual general meeting of the Company held on 24 June 2004. The Company has not exercised such general mandate to allot and issue any Shares prior to the Placing.

#### EFFECT OF THE PLACING AND THE SUBSCRIPTION

The effect on the shareholding structure of the Company immediately after completion of the Placing and the Subscription is as follows:

|                    | Existing (before completion of the Placing and the Subscription) |             | Immediately after completion of the Placing but before completion of the Subscription |             | Immediately after completion of the Placing and the Subscription |             |
|--------------------|--|-------------|---|-------------|--|-------------|
|                    | Number of Shares   | %           | Number of Shares  | %           | Number of Shares   | %           |
| Vendor (Note 1)    | 243,403,000  | 49.17%      | 144,403,000   | 29.17%      | 243,403,000  | 40.98%      |
| Ko Su Mei (Note 2) | 243,403,000  | 49.17%      | 144,403,000   | 29.17%      | 243,403,000  | 40.98%      |
| Wang Chia Chun     | 27,700,000   | 5.60%       | 27,700,000  | 5.60%       | 27,700,000   | 4.66%       |
| Ko Kin Hang        | 26,764,000   | 5.41%       | 26,764,000  | 5.41%       | 26,764,000   | 4.50%       |
| Public             |  |             |   |             |  |             |
| - Placees          | -  | 0%          | 99,000,000  | 20%         | 99,000,000   | 16.67%      |
| - Others           | 197,133,000  | 39.82%      | 197,133,000   | 39.82%      | 197,133,000  | 33.19%      |
| <b>Total</b>       | <b>495,000,000</b>   | <b>100%</b> | <b>495,000,000</b>  | <b>100%</b> | <b>594,000,000</b>   | <b>100%</b> |

Note 1: The Vendor is the spouse of Ms. Ko Su Mei, therefore, he is taken to be interested in 126,252,000 Shares beneficially owned by Ms. Ko Su Mei by virtue of the Securities and Futures Ordinance.

Note 2: Ms. Ko Su Mei is the spouse of the Vendor, therefore, she is taken to be interested in 117,151,000 Shares beneficially owned by the Vendor by virtue of the Securities and Futures Ordinance.

## EXPENSES

The Company will bear all the costs and expenses of approximately HK\$348,000 incurred in relation to the Placing and the Subscription (including a commission of 3% of the aggregate Placing Price payable to the Placing Agent) and will reimburse the Vendor for all costs and expenses incurred therein.

Taking into account of the relevant costs and expenses, the net price to the Company of each Placing Share is approximately HK\$0.096 per Share.

## REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is mainly engaged in high-end aluminum chassis and production of certain middle-to-low end products such as iron computer chassis and power supply.

The Directors believe that the terms of the Placing and the Subscription, which have been negotiated on an arm's length basis in accordance with normal commercial terms, are fair and reasonable. The Directors consider that the Placing and the Subscription will strengthen the financial position of the Group and broaden the shareholder base and the capital base of the Company.

Assuming the Placing is completed, the net proceeds from the Subscription are estimated to be approximately HK\$9.552 million. It is the intention of the Directors to use such net proceeds for general working capital.

There has been no equity fund-raising activity conducted by the Company in the past 12 months immediately preceding the date of this announcement.

## SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended at 9:30 a.m. on 24 May 2005 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 25 May 2005.

## DEFINITIONS

|                          |  |
|--------------------------|--|
| "associate"              | as such term is defined in the Listing Rules   |
| "Company"                | Sky Hawk Computer Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange   |
| "Director(s)"            | the director(s) of the Company   |
| "Group"                  | the Company and its subsidiaries   |
| "Hong Kong"              | the Hong Kong Special Administrative Region of the People's Republic of China  |
| "Listing Committee"      | the Listing Committee of the Stock Exchange  |
| "Listing Rules"          | the Rules Governing the Listing of Securities on the Stock Exchange  |
| "Places"                 | not less than six professional, institutional and/or other investor(s) to be procured by the Placing Agent, who together with their ultimate beneficial owner(s) (if any) will be independent of and not connected with the Company, the directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company or its subsidiaries or any of their respective associates |
| "Placing"                | the Placing of the Placing Shares by the Placing Agent, on a best endeavours basis, on behalf of the Vendor pursuant to the Placing Agreement  |
| "Placing Agent"          | Emperor Securities Limited, the placing agent of the Placing and a licensed corporation to carry on types 1 and 4 regulated activities as defined in schedule 5 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)   |
| "Placing Agreement"      | the placing agreement entered into between the Vendor and the Placing Agent in relation to the Placing on 24 May 2005  |
| "Placing Price"          | HK\$0.10 per Placing Share   |
| "Placing Shares"         | 99,000,000 Shares to be placed under the Placing Agreement   |
| "Share(s)"               | share(s) of nominal value HK\$0.10 each in the capital of the Company  |
| "Stock Exchange"         | The Stock Exchange of Hong Kong Limited  |
| "Subscription"           | the subscription for the Subscription Shares by the Vendor pursuant to the Subscription Agreement  |
| "Subscription Agreement" | the subscription agreement entered into between the Company and the Vendor in relation to the Subscription on 24 May 2005  |
| "Subscription Price"     | HK\$0.10 per Subscription Share  |
| "Subscription Shares"    | 99,000,000 new Shares  |
| "Vendor"                 | Mr. Wang Chia Chin, the chairman of the Company who currently holds 243,403,000 Shares, representing approximately 49.17% of the existing issued share capital of the Company  |
| "HK\$"                   | Hong Kong dollar(s), the lawful currency of Hong Kong  |

By order of the board of  
**SKY HAWK COMPUTER GROUP HOLDINGS LIMITED**  
**Wu Chi Lok**  
*Director*

Hong Kong, 24 May 2005

*As at the date of this announcement, the board of directors comprises Mr. Wang Chia Chin, Mr. Chen Ho Fa, Mr. Chen Fang Yu, Mr. Wu Chi Lok, and Mr. Wong Chong Fai, William, all being the executive directors and Mr. Chen Chin Ming, Mr. Lui Cho Tak and Mr. Hirotsuke Yogo, all being the independent non-executive directors.*