



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)

Placing Agent

LUEN FAT SECURITIES CO., LTD.

ANNOUNCEMENT

PLACING OF EXISTING SHARES
AND SUBSCRIPTION OF NEW SHARES

On 13 February 2004, the Company, the Vendor and the Placing Agent entered into the Placing and Subscription Agreement pursuant to which (i) the Vendor agreed to place, through the Placing Agent, 80,000,000 Placing Shares at the Placing Price on fully underwritten basis; and (ii) the Company conditionally agreed to allot and issue and the Vendor conditionally agreed to subscribe for 80,000,000 Subscription Shares at the Subscription Price.

The Placing Shares represent approximately 19.28% of the existing issued share capital of the Company of 415,000,000 Shares. The Subscription Shares represent approximately 16.16% of the Company's issued share capital as enlarged by the issue of the Subscription Shares. The net proceeds from the Subscription is estimated to be approximately HK\$9.2 million which will be used as to approximately HK\$6.2 million for expanding sales and marketing capacity of the Group and the remaining amount of approximately HK\$3 million as general working capital.

At the request of the Company, trading of the Shares on the Stock Exchange was suspended at 9:33 a.m. on 12 February 2004 pending the release of this announcement. Application has been made to the Stock Exchange to resume trading of the Shares with effect from 9:30a.m. on 16 February 2004.

THE PLACING AND SUBSCRIPTION AGREEMENT

On 13 February 2004, the Company, the Vendor and the Placing Agent entered into the Placing and Subscription Agreement pursuant to which (i) the Vendor agreed to place, through the Placing Agent, 80,000,000 Placing Shares at the Placing Price on fully underwritten basis; and (ii) the Company conditionally agreed to allot and issue and the Vendor conditionally agreed to subscribe for 80,000,000 Subscription Shares at the Subscription Price.

PLACING

Placing Agent

The Placing Agent, Luen Fat Securities Co., Ltd., will receive a placement commission of 2.5% on the gross proceeds of the Placing. The Placing Shares are to be placed by the Placing Agent on a fully underwritten basis. The Placing Agent, and its ultimate beneficial owner(s) are independent of and not connected with any of the Directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates (as defined in the Listing Rules).

Placees

The Placing Shares will be placed to not less than six placees (which are required to be independent individual, corporate and/or institutional investors) who (and their ultimate beneficial owners) are independent of and not connected with any of the Directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates (as defined in the Listing Rules). It is expected that no placee will become a substantial shareholder of the Company immediately following the completion of the Placing.

Placing Price

The placing price is HK\$0.118 per Placing Share. This price was agreed after arm's length negotiations between the Vendor and the Placing Agent and represents (i) a discount of approximately 21.33% to the closing of HK\$0.15 per Share quoted on the Stock Exchange on 11 February 2004, being the last trading day before the issue of this announcement; (ii) a discount of approximately 28.09% to the average closing price of approximately HK\$0.1641 per Share as quoted on the Stock Exchange from 29 January 2004 to 11 February 2004, both dates inclusive, being the last 10 trading days of the Shares immediately before the issue of this announcement; (iii) a discount of approximately 28.57% to the average closing price of approximately HK\$0.1652 per Share as quoted on the Stock Exchange from 29 December 2003 to 11 February 2004, both dates inclusive, being the last 30 trading days of the Shares immediately before the issue of this announcement and; (iv) a discount of approximately 28.57% to the average closing price of approximately HK\$0.1652 per Share as quoted on the Stock Exchange from 27 November 2003 to 11 February 2004, both dates inclusive, being the last 50 trading days of the Shares immediately before the issue of this announcement.

Number of Placing Shares

80,000,000 Placing Shares are to be placed, representing approximately 19.28% of the existing issued share capital of the Company of 415,000,000 Shares and approximately 16.16% of the issued share capital of the Company as enlarged by the Subscription Shares. **The Placing is fully underwritten by the Placing Agent pursuant to the Placing and Subscription Agreement.** The Placing Shares shall be transferred free from all liens, charges, encumbrances, claims, options or other third party rights, together with all rights attaching thereto as at the date of the completion of the Placing including the right to all dividends or other distributions which may be declared, paid or made by the Company on or after the date of the completion of the Placing.

Completion of the Placing

The completion of the Placing will take place on 16 February 2004 or on such other date as may be agreed between the Vendor and the Placing Agent unless the parties agree otherwise in writing.

SUBSCRIPTION

Vendor

Prior to the Placing and the Subscription, the Vendor was beneficially interested in 117,151,000 Shares, representing approximately 28.23% of the Company's issued share capital. Upon completion of the Placing and the Subscription, the Vendor will hold 117,151,000 Shares, representing approximately 23.67% of the then issued share capital of the Company as to be enlarged by the issue of the Subscription Shares.

Price of the Subscription Shares

The price of the Subscription Shares of HK\$0.118 per Subscription Share is equivalent to the price of the Placing Shares.

Subscription Shares

80,000,000 new Shares are to be subscribed by the Vendor. The new Shares, when fully paid, will on issue rank pari passu with the existing issued shares.

Conditions of the Subscription ("Conditions")

Completion of the Subscription Agreement is conditional upon:

- (a) the completion of the Placing; and
 - (b) the listing of, and permission to deal in, all the Subscription Shares being granted by the Stock Exchange.
- The Conditions are expected to be satisfied within 14 days from the date of the Placing and Subscription Agreement, which is expected to be on or before 27 February, 2004 after satisfaction of all the Conditions. None of the above conditions can be waived. If the Subscription cannot be completed within 14 days from the date of the Placing and the Subscription Agreement or such other date as the Company and the Vendor may agree in writing, the Subscription will cease and determine.

Completion of the Subscription

The Subscription is expected to be completed on or before 27 February, 2004 after satisfaction of all the Conditions.

APPLICATION FOR LISTING

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

General Mandate

The Subscription Shares will be issued pursuant to the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the Company's annual general meeting held on 24 June 2003. The general mandate has not been utilized prior to entering into the Placing and Subscription Agreement.

Effects on Placing and Subscription on Shareholding Structure

	Before Placing and Subscription Number of Shares	(%)	After Placing but before Subscription Number of Shares	(%)	After Placing and Subscription Number of Shares	(%)
The Vendor	117,151,000	28.23	37,151,000	8.95	117,151,000	23.66
Ko So Mei	126,252,000	30.42	126,252,000	30.42	126,252,000	25.51
Wang Chia Chun	27,700,000	6.67	27,700,000	6.67	27,700,000	5.60
Chen Fang Yu	3,436,000	0.83	3,436,000	0.83	3,436,000	0.69
Wang Li Hui	580,000	0.14	580,000	0.14	580,000	0.12
Chen Ho Fa	2,804,000	0.68	2,804,000	0.68	2,804,000	0.57
Public	137,077,000	33.03	217,077,000	52.31	217,077,000	43.85
Total:	415,000,000	100.00	415,000,000	100.00	495,000,000	100.00

Use of Proceeds

The net proceeds from the Subscription is estimated to be approximately HK\$9.2 million which will be used as to approximately HK\$6.2 million for expanding sales and marketing capacity of the Group and the remaining amount of approximately HK\$3 million as general working capital.

Reasons for the Placing and the Subscription

The Directors (including independent non-executive Directors) consider that the Placing and the Subscription represents a good opportunity to raise further working capital for the Company while at the same time broadening its shareholder and capital base.

Fund raising in the 12 months immediately preceding the date of the announcement

There has been no equity fund raised by the company in the 12 months immediately preceding the date of this announcement.

Information of the Company

The principal activity of the Company is investment holding. The Group is principally engaged in the manufacture and distribution of medium to premium PC peripherals, networking products and computer accessories.

The Directors, including independent non-executive Directors, consider the terms of the Placing and Subscription Agreement to be fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Subscription Shares, when fully paid, will rank, upon issue, equally in all respects with the existing Shares.

Trading

At the request of the Company, trading of the Shares on the Stock Exchange was suspended at 9:33 a.m. on 12 February 2004 pending the release of this announcement. Application has been made to the Stock Exchange to resume trading of the Shares with effect from 9:30 a.m. on 16 February 2004.

TERMS AND DEFINITIONS

The following defined terms are used in this announcement:

"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)"	director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	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 the Placing Shares beneficially owned by the Vendor pursuant to the Placing and Subscription Agreement
"Placing Agent"	Luen Fat Securities Co., Ltd., a deemed licensed corporation registered under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Placing and Subscription Agreement"	a placing and subscription agreement between the Vendor, the Company and the Placing Agent dated 13 February 2004 in relation to the Placing
"Placing Price"	HK\$0.118 per Placing Share
"Placing Shares"	a total of 80,000,000 existing Shares beneficially owned by the Vendor and to be placed pursuant to the Placing and Subscription Agreement
"Shares"	ordinary shares of HK\$0.1 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	HK\$0.118 per Subscription Share
"Subscription"	the subscription for the Subscription Shares by the Vendor
"Subscription Shares"	A total of 80,000,000 new Shares
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Vendor"	Mr Wang Chia Chin, a substantial shareholder of the Company, who held approximately 28.23% of the Company's issued share capital immediately prior to the Placing and the Subscription
"%"	per cent

By order of the board
Sky Hawk Computer Group Holdings Limited
Wang Chia Chin
Chairman

Hong Kong 13 February 2004