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**DIGITALHONGKONG.COM**

**數碼香港**

*(incorporated in the Cayman Islands with limited liability)*

Stock code: 8007

## **ANNOUNCEMENT IN RESPECT OF HIGH CONCENTRATION OF SHAREHOLDING**

In response to the request of the Stock Exchange, the Company makes this announcement based on the information received by the Stock Exchange from the SFC in respect of high concentration of shares of the Company held by a few holders as at 13 July 2004.

**Investors are reminded to exercise caution in dealing in the Company's shares.**

In response to the request of the Stock Exchange, the Company makes this announcement based on the information received by the Stock Exchange from the Securities and Futures Commission (the "SFC").

The SFC conducted a review of the shareholding distribution of the Company as at 13 July 2004. The analysis revealed that a group of 5 investors aggregately held 15.7 million shares of the Company, representing 10.5% of the issued shares as at 13 July 2004. These investors were the major placees in the listing of the Company during April 2000. Their shareholdings, together with those controlled by:

- (i) Mr. Paul Kan Man Lok ("Mr. Paul Kan"), the chairman of the Company, through Lawnside International Limited ("Lawnside") which holds 2,669,171 shares, representing about 1.78% of the Company's issued share capital; and
- (ii) Champion Technology Holdings Limited ("Champion")*(Note)*, the Company's holding company, which holds 117.3 million shares, representing about 78.2% of the Company's issued share capital,

represented 90.5% of the issued shares of the Company. This implies that only 9.5% of the Company's issued shares were in the hands of the other small investors.

*Note:*

*As at the date of this announcement, Champion is owned as to about 29% by Lawnside International Limited ("Lawnside"). Lawnside is wholly owned by Lanchester Limited which is a company beneficially owned by a discretionary trust, the eligible discretionary objects of which include Mr. Paul Kan Man Lok, his family members and the staff of Champion and its subsidiaries. Currently, only Mr. Paul Kan and his family members are discretionary objects of the trust. Mr. Paul Kan is a director of Lawnside, and the chairman of Champion.*

The SFC further noted that since 21 June 2004, the Company's share price surged substantially although turnover remained thin. During the period from 21 June 2004 to 16 July 2004, share price increased 10 times from HK\$0.088 to HK\$0.97, but the average daily turnover was very small at 27,784 shares (HK\$14,110) only. Share price then dropped a total of 52.6% to HK\$0.46 on the subsequent two trading days (19 and 20 July 2004) with average daily turnover of 38,230 shares (HK\$13,941). The Company made the negative announcements respectively on 12, 15, 19 and 20 July 2004.

It appears to the SFC that the large fluctuation in the Company's share price since mid-June 2004 was due to the high concentration of shareholding. As a result, share price could be easily pushed up or down substantially with a very small quantity of shares traded. The SFC noted that the Company published an announcement in relation to its high concentration of shareholding on 18 April 2000. However, the shareholding of the Company remained highly concentrated after four years and the investors who had held large quantities of the Company's shares in April 2000 continued to hold their shares as of 13 July 2004.

**Investors are reminded to exercise caution in dealing in the Company's shares.**

Directors of the Company, having made all reasonable enquiries, confirm that 30,030,829 shares of the Company representing 20.02% of the Company's issued share capital, is held by public shareholders, accordingly the Company complies with the public float requirement under Rule 11.23(1) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange.

By order of the Board  
**Shirley HA Suk Ling**  
Director

Hong Kong, 29 July 2004

As at the date of this announcement, the Company's board of directors comprises three executive directors, namely Mr Paul Kan Man Lok, Mr John Wong Yuk Lung and Ms Shirley Ha Suk Ling; and three independent non-executive directors, namely Mr Francis Gilbert Knight, Mr Billy Ho Yiu Ming and Ms Shao Xiang Ming.

*This announcement for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- 1. the information contained in this announcement is accurate and complete in all material respects and not misleading; 2. there are no other matters the omission of which would make any statement in this announcement misleading; and 3. all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

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