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VASO DIGITAL INTERNATIONAL HOLDINGS LIMITED

華索國際控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8220)

ANNOUNCEMENT – High Concentration of Shares

This announcement is made in respect of the high concentration of the public float of the Company in the hands of a small number of Shareholders.

Shareholders and investors of the Company are reminded to exercise caution when dealing in the Shares.

PUBLIC FLOAT

The Board has been informed by the Stock Exchange that, on the basis of the information provided by the Securities and Futures Commission to the Stock Exchange, as at 1 September 2004:

- (i) Mr. Yasukawa Yoshihiro (Chairman of the Company), through Share Able Investments Limited, held 364,000,000 Shares, representing 70.00% of the then issued share capital of the Company (based on 520,000,000 Shares in issue as at 1 September 2004);
- (ii) 3 pre-IPO investors (Basic Concept International Limited, Manifest Power Limited and Top Hunter Investments Limited) held 50,700,000 Shares, representing 9.75% of the then issued share capital of the Company (based on 520,000,000 Shares in issue as at 1 September 2004); and
- (iii) 9 Shareholders collectively held 105,024,000 Shares, representing 20.20% of the then issued share capital of the Company (based on 520,000,000 Shares in issue as at 1 September 2004).

In aggregate of the above (i), (ii) and (iii), they collectively accounted for approximately 99.95% (or 519,724,000 Shares) of the Company's issued share capital. As a result, the remaining shareholding accounted for 0.05% (or 276,000 existing Shares) of the Company's issued share capital as at 1 September 2004.

Subsequent to the receipt of the letter from the Stock Exchange dated 15 October 2004 in respect of the high concentration of the public float of the Company in the hands of a small number of Shareholders, the Company has reviewed the Shareholders' list and CCASS report and made enquiries to the directors,

* *For identification only*

chief executive, substantial shareholders or management shareholders of the Company and its subsidiaries or their respective associates (as defined in the GEM Listing Rules) and the following table shows the shareholding structure of the Company as at 15 October 2004:

| | | Number of Shares | Percentage of shareholding |
|-----------------------------------|---|-----------------------------|---------------------------------------|
| Initial management Shareholder | Share Able Investments Limited (Note 1) | 364,000,000 | 70.00% |
| Public Shareholders | Basic Concept International Limited (Note 2) | 16,900,000 | 3.25% |
| | Manifest Power Limited (Note 2) | 16,900,000 | 3.25% |
| | Top Hunter Investments Limited (Note 2) | 16,900,000 | 3.25% |
| | HKSCC Nominees Limited (Note 3) | 105,292,000 | 20.248% |
| | 1 individual Shareholder | 8,000 | 0.002% |
| | Total | <u>520,000,000</u> | <u>100.00%</u> |

Notes:

1. Share Able Investments Limited is beneficially owned by Upgain Ventures Group Limited, UPB Group Inc. and Number Great Investments Limited in the proportion of 45%, 27.5% and 27.5% respectively. Upgain Ventures Group Limited is 50% owned by Mr. Yasukawa Yoshihiro and 20% owned by Mr. Lee Chun Piu. UPB Group Inc. is 100% owned by Mr. Yasukawa Yoshihiro.
2. Basic Concept International Limited, Manifest Power Limited and Top Hunter Investments Limited and their respective beneficial owners are independent of and not connected with the directors, chief executive, substantial shareholders or management shareholders of the Company and its subsidiaries or their respective associates (as defined in the GEM Listing Rules). They are the pre-IPO investors of the Company and do not have any board representation or management function within the Group. Accordingly, they are regarded as members of the public.
3. These Shares are held by 11 CCASS participants including securities firms and banks.

Save as disclosed above, the Company does not recognize any other persons/individuals who are interested in 5% or more of the issued share capital of the Company as at 1 September 2004 and as at 15 October 2004. Based on the enquiries made by the Company to the directors, chief executive, substantial shareholders or management shareholders of the Company and its subsidiaries or their respective associates (as defined in the GEM Listing Rules), no directors, substantial shareholders or management shareholders of the Company had dealt in the Shares since 1 September 2004 to 15 October 2004.

In view of the high concentration of Shares in the hands of a small number of Shareholders, the Company makes this announcement of the aforesaid matter to keep the market informed thereof. Shareholders and investors of the Company are reminded to exercise caution when dealing in the Shares.

As at the date of this announcement, the Company's executive Directors are Yasukawa Yoshihiro, Lee Chun Piu, Zhong Ming Ying and Wang Li Hua, and the Company's independent non-executive Directors are Guo Qing, Liu Feng and Guo Wen Hong respectively.

DEFINITIONS

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| “Board” | the board of Directors |
| “CCASS” | the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited |
| “Company” | Vaso Digital International 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) including independent non-executive director(s) of the Company |
| “GEM” | the Growth Enterprise Market of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | Hong Kong Special Administrative Region of the People's Republic of China |
| “IPO” | the initial public offering of the Shares |
| “Shares” | ordinary shares of HK\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “%” | per cent. |

By Order of the Board
Vaso Digital International Holdings Limited
Zhong Ming Ying
Director

Hong Kong, 18 October 2004

This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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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