

Terabit Access Technology International Limited

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Terabit Access Technology International Limited

兆晉國際科技有限公司*

(incorporated in Bermuda with limited liability)

PLACING OF 1,200,000,000 NEW SHARES

On 13 May 2003, the Company and the Placing Agent entered into a conditional Placing Agreement pursuant to which the Placing Agent has conditionally agreed to procure, on a best endeavour basis, independent investors to subscribe, up to 1,200,000,000 Placing Shares at a price of HK\$0.017 per Placing Share in an aggregate amount of HK\$20,400,000 (assuming all the Placing Shares are subscribed by and allotted to the Placees).

The Placing Shares represent about 12.48% of the existing issued share capital of the Company and approximately 11.10% of its issued share capital as enlarged by the Placing.

The Placing Price of HK\$0.017 was agreed after arm's length negotiations with reference to (i) the average closing price of the Shares quoted on the Stock Exchange for the TEN(10) consecutive trading days ending on and including 12 May 2003 which was HK\$0.0161; (ii) at a premium of 5.59% to the aforesaid average closing price of the Shares quoted on the Stock Exchange for the TEN(10) consecutive trading days ending on and including 12 May 2003 which was HK\$0.0161; (iii) at a premium of about 171% to the audited net assets value per Share as at 30 June 2002 and (iv) at a premium of about 259% to the unaudited net assets value per Share as at 31 December 2002. The Placing Price also represents the closing price of HK\$0.017 per Share as quoted on the Stock Exchange on 12 May 2003.

The net proceeds after deducting the placing commission payable to the Placing Agent and other expenses from the Placing which the Company expects to receive amount to approximately HK\$20 million and are intended to be applied as follows:

- approximately HK\$15.5 million for repayment of the liabilities under the Convertible Bonds;
- the balance of about HK\$4.5 million for working capital of the Group.

This is the first placing of Shares made by the Company in year 2003 but the Company has conducted four fund raising activities in the past 12 months. For details, please refer to the section headed "Summary of Fund Raising Activities" in this announcement. The Directors consider that the terms of the Placing are fair and reasonable based on the current market condition and in the interest of the Shareholders of the Company. The Company also considers that it is appropriate and in the Company's interest to repay the liabilities under the Convertible Bonds and to maintain a higher working capital level under the current unfavourable economic environment.

The Placing is subject to termination on the occurrence of, amongst other things, any event of force majeure (which include events set out in greater detail below) at or before noon of 22 May 2003 on the completion date of the Placing.

Shareholders of the Company and potential investors should be aware that completion of the Placing Agreement is conditional upon the fulfillment of certain conditions, amongst other things, the Stock Exchange granting listing of and permission to deal in the Placing Shares, which may or may not materialize. Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

At the request of the Company, trading on the Shares on the Stock Exchange has been suspended with effect from 9:30 am on 14 May 2003 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading of Shares with effect from 9:30 am on 15 May 2003.

CONDITIONAL PLACING AGREEMENT DATED 13 May 2003

Background

On 13 May 2003, the Company entered into the Placing Agreement with the Placing Agent. Details of the Placing Agreement are set out in the following paragraphs.

The Placing

Issuer:

The Company

Placing Agent

Yicko Securities Limited. The Placing Agent has conditionally agreed to place in aggregate up to 1,200,000,000 Placing Shares on a best endeavour basis and will receive a placing commission of 1.5% on the gross proceeds of the Placing.

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

Placees

The Placing Agent will use its best endeavours to procure Placees for the Placing Shares on the terms and conditions set out in the Placing Agreement. At this stage, the Placing is still in progress and it is premature to confirm now as whether there will be any new substantial shareholder after the Placing or as to the number of the Placees.

The Placing Shares will be placed to not less than SIX(6) Placees. Nonetheless, further announcement in respect of the identities of the Placees will be made when the Company knows that there will be less than SIX (6) Placees and/or there will be any new substantial shareholder immediately after the Placing.

According to the Placing Agreement, the Placing Agent must ensure that the Placees and their respective ultimate beneficial owners are independent of and not connected with or not acting in concert with any of the directors, chief executive or substantial shareholders of the Company and of its subsidiaries or any of their respective associates (as defined in the Listing Rules). The Placees will be independent professional, institutional and/or individual investors.

The Company undertakes that the Placees shall be independent from and not acting in concert with the directors, chief executive or substantial shareholders of the Company or any of their respective associates or their concert parties (as defined in the Listing Rules).

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THE PRINCIPLE TERMS OF PLACING

Number of Placing Shares

1,200,000,000 Placing Shares, which are new Shares, represent (i) approximately 12.48% of the Company's existing share capital and (ii) approximately 11.10% of its issued share capital as enlarged by the Placing (assuming all the Placing Shares are subscribed by and allotted to the Places).

The Placing Shares will on issue rank equally with the Shares in issue on the date of allotment and issue of the Placing Shares.

Principle Amount

HK\$20,400,000 (assuming all the Placing Shares are subscribed by and allotted to the Places).

Placing Price

HK\$0.017 per Share. The Placing Price represents the closing price of HK\$0.017 per Share as quoted on the Stock Exchange on 12 May 2003. The Placing Price was agreed after arm's length negotiations between the Company and the Placing Agent with reference to (i) the average closing price of the Shares quoted on the Stock Exchange for the TEN(10) consecutive trading days ending on and including 12 May 2003 which was HK\$0.0161; (ii) at a premium of 5.59% to the aforesaid average closing price of the Shares quoted on the Stock Exchange for the TEN(10) consecutive trading days ending on and including 12 May 2003 which was HK\$0.0161; (iii) at a premium of about 171% to the audited net assets value per Share as at 30 June 2002 and (iv) at a premium of about 259% to the unaudited net assets value per Share as at 31 December 2002.

The Directors consider that the Placing Price is fair and reasonable and in the interest of the Company based on the current market condition and in the interest of the Company and its Shareholders as a whole.

Placing commission payable to the Placing Agent

The Placing Agent shall use its best endeavours to subscribe or procure subscribers for the Placing Shares at the Placing Price and will receive a placing commission calculated at 1.5% of the gross proceeds of the Placing. The net proceeds of the Placing, after deducting the underwriting commission and legal fees and other expenses in the aggregate of HK\$336,000 will be approximately HK\$20,064,000 (assuming all the Placing Shares are subscribed by and allotted to the Places). For the avoidance of doubt, the Placing Agent is not obliged to subscribe all those Placing Shares on its own account which are not subscribed by other Placers.

General Mandate

The Placing Shares will be allotted and issued pursuant to the general mandate granted to the directors of the Company at its special general meeting held on 22 January 2003.

Conditions of the Placing:

The Placing is conditional upon, amongst other things:

- (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, all of the Placing Shares;
- (ii) the Company obtaining all consents and approvals from the relevant authorities, if applicable; and
- (iii) the obligation of the Placing Agent becoming unconditional and not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure event.

All conditions must be fulfilled and cannot be waived on or before 22 May 2003 (or such other date as agreed by the both parties), failing which the Placing Agreement shall cease and terminate. Listing application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Placing Shares.

As at the date of this announcement, the Placing Agent has not confirmed the names and number of the Places found. Further announcement will be made when the Places are confirmed in the circumstances detailed in the section headed "Further Announcement" of this announcement.

Closing Date

The Placing shall complete within four (4) business days after the fulfillment of the conditions (or such other date as agreed by the parties).

Termination & Force Majeure

The Placing Agreement may be terminated by the Placing Agent if at any time prior to 12:00 noon on the Closing Date, the success of the Placing would or might be adversely affected by force majeure events, which includes inter alia:

- (A) **material adverse change in laws and regulations of the relevant jurisdictions;**
- (B) **material adverse change in political, military, economic, industrial, financial or stock market conditions;**
- (C) **material breach of the warranties given by the Company in the Placing Agreement; and**
- (D) **any suspension in dealings in or the listing of the Shares on the Stock Exchange for a period of more than five (5) trading days from the date of this announcement to 22 May 2003 (other than in connection with the Placing).**

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

PURPOSE OF PLACING AND USE OF PROCEEDS

This is the first placing of Shares made by the Company in year 2003 but the Company has conducted FOUR (4) fund raising activities in the past twelve months before the date of this announcement. For details, please refer to the section headed "Summary of Fund Raising Activities" in this announcement. It is intended that the net proceeds of the Placing which amount to approximately HK\$20 million (assuming all the Placing Shares are subscribed by and allotted to the Places) will be applied as follows:-

Net Proceeds of Placing

Approximately HK\$15.5 million

Intended use of Proceeds of Placing

Repayment of all liabilities under the Convertible Bonds in the principle sum of HK\$15,601,700 which bears interest at a rate of 4% per annum being issued to Fai Tat Holding Group Limited on 30 May 2002 pursuant to the resolution passed in the special general meeting on 6 May 2002. The Convertible Note will be due on 29 May 2003

Approximately HK\$4.5 million

For working capital of the Group

The Directors consider that the Placing represents an opportunity for the Company to raise capital while broadening of the Company's shareholder base and the capital base. The Directors, having considered all other means of raising funds for the Company and the terms of the Placing Agreement, took the view that the Placing is the best way for the Company to raise funds for (i) repayment of all liabilities of the Convertible Bonds; (ii) enhancing the working capital of the Company and (iii) broadening the Company's shareholder base. The Company also considers that it is appropriate and in the Company's interest to repay the liabilities under the Convertible Bonds and to maintain a higher working capital level under the current unfavourable economic environment.

As the result of the issue of the Placing Shares, it is estimated that each Shareholder's shareholding in the Company will be diluted by approximately 11.1%.

To the extent that the net proceeds of the Placing are not used immediately used for the above purpose, it is the present intention of the Directors that such net proceeds will be placed on short-term interest bearing deposits with authorized financial institutions in Hong Kong.

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SHAREHOLDING STRUCTURE

Set out below are table showing the existing shareholding structure of the Company and the shareholding structure immediately after the Placing

Name of Shareholder	Number of Shares prior to Completion of Placing	%	Number of Shares after the Completion of Placing	%
Achieve Well Group Limited	2,500,000,000	26%	2,500,000,000	23.12%
Accurate Sino Holdings Limited	815,960,000	8.49%	815,960,000	7.54%
Well Green Group Limited	492,100,000	5.12%	492,100,000	4.55%
*Placeses	—	—	1,200,000,000	11.10%
Public	5,806,064,132	60.39%	5,806,064,132	53.69%
Total	9,614,124,132	100%	10,814,124,132	100%

*Notes:

- At this stage, the Placing is in progress and it is premature to confirm as to whether there will be any new substantial shareholder after the Placing or as to the number of Placeses. Further announcement will be made when the Company knows that there will be any new substantial shareholder after the Placing.

The substantial shareholders of the Company, namely (i) Achieve Well Group Limited; (ii) Accurate Sino Holdings Limited; and (iii) Well Green Group Limited, are not acting in concert with one another (as defined in The Codes on Takeovers and Mergers and Share Repurchases).

FURTHER ANNOUNCEMENT

The Company undertakes to make further announcement once the number of Placing Shares to be subscribed by the Placeses, the number of Placeses, the total size of the Placing and the total fund raised in the Placing are confirmed.

APPLICATION FOR LISTING

Application will be made by the Group to the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

GENERAL

The Group is principally engaged in the manufacture and sale of multimedia electronic products, toys and games products; and trading in telecommunication products and other investments. The Directors are of the view that the Placing will enlarge the shareholder base and the capital base of the Company and will improve the financial position of the Group by repaying all liabilities under the Convertible Notes and increasing the working capital of the Group. According to the latest audited annual report dated 25 October 2002, the current assets, current liabilities and net assets of the Group are approximately HK\$161.7 million, HK\$166.3 million and HK\$41.5 million respectively as at 30 June 2002.

Summary of Fund Raising Activities

Date of announcement	Event	Comparison to market value	Net Proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
22 May 2002	Issue of Convertible Bonds in the principle sum of HK\$15,601,700 and bearing interest rate of 4% per annum to Fai Tai Holding Group Limited pursuant to the special general meeting on 6 May 2002	represents a premium of about 9.2% to the closing price of HK\$0.163 per Share quoted on the Stock Exchange on 22 May 2002	Approximately HK\$15 million	Expansion of the Group's WCDMA and OFDM business	Approximately HK\$8 million be used for expansion of WCDMA and OFDM business and HK\$7 million be used for the working capital of the Group
26 August 2002	Issue of 492,100,000 new Shares of HK\$0.0152 each to Well Green Limited, an ITP, pursuant to the special general meeting on 6 May 2002	represents a discount of about 9.2% to the closing price of HK\$0.019 per Share quoted on the Stock Exchange on 7 August 2002	Approximately HK\$7.47 million	To acquire the debt owed by the Company's subsidiary to Well Green Limited	The debt of HK\$7,479,920 was transferred from Well Green Limited to the Company
26 August 2002	Issue of 657,900,000 Subscription Shares of HK\$0.0152 each to Money Master Limited, an ITP, pursuant to the special general meeting on 6 May 2002	represents a discount of about 9.2% to the closing price of HK\$0.019 per Share quoted on the Stock Exchange on 7 August 2002	Approximately HK\$10 million	To enhance general working capital of the Group	Approximately HK\$5.5 million has been applied for ceramic ferule and other materials and approximately HK\$4.5 million has been applied for part payment for acquiring the operating right in manufacturing of silicon rubber products.
26 November 2002	Issue of 1,550,000,000 Subscription Shares of HK\$0.011 each to Achieve Well Group Limited, an ITP, pursuant to the special general meeting on 13 September 2002	represents a discount of about 15.38% to the closing price of HK\$0.013 per Share quoted on the Stock Exchange on 21 November 2002	Approximately HK\$16.7 million	To enhance general working capital of the Group	Approximately HK\$5.7 million has been used in acquisition of investment environmental water treatment business; approximately HK\$2 million has been applied for purchase of ceramic ferule and other materials and about HK\$9 million has been utilized to finance daily operation of the Group

Shareholders of the Company and potential investors should be aware that completion of the Placing Agreement is conditional upon the fulfillment of certain conditions, amongst other things, the Stock Exchange granting listing of and permission to deal in the Placing Shares, which may or may not materialize. Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

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SUSPENSION AND RESUMPTION OF DEALINGS

At the request of the Company, trading in Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 14 May 2003, pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading of Shares with effect from 9:30 a.m. on 15 May 2003.

DEFINITIONS

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

“Company”	Terabit Access Technology International Limited, an exempted company incorporated in Bermuda with limited liability and the securities of which are listed on the Stock Exchange
“Closing Date”	means four (4) business days after the fulfillment of the Condition (or such other time or date as the Company and the Placing Agent shall agree);
“Convertible Bonds”	The 4% convertible bonds in the principal sum of HK\$15,601,700 issued by the Company on 30 May 2002 and be mature on 29 May 2003 and the details of which are disclosed in the announcement dated 22 May 2002
“Directors”	the directors of the Company
“Group”	The Company and its subsidiaries
“ITP”	means an independent third party not connected with any of directors, chief executive, substantial shareholder of the Company or its subsidiaries, or any of their respective associates (as defined in the Listing Rules)
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Placee”	means the institutional or professional investor or other individual investors procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	This placing pursuant to the Placing Agreement
“Placing Agent”	Yicko Securities Limited, a company incorporated under the laws of Hong Kong, a dealer registered under the Securities and Futures Ordinance, Cap.571 of the Laws of Hong Kong
“Placing Price”	the placing price of HK\$0.017 per Placing Share
“Placing Proceeds”	The net proceeds of approximately HK\$20,400,000 from the Placing
“Placing Agreement”	An agreement entered into between the Placing Agent and the Company dated 13 May 2003
“Placing Shares”	The 1,200,000,000 new Shares to be placed pursuant to the Placing Agreement
“Shares”	The share capital of the Company of HK\$0.01 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
Terabit Access Technology International Limited
Wu Jiahong
Executive Director

Hong Kong, 15 May 2003

** for identification only*

Please also refer to the published version of this announcement in The Standard dated on 15-05-2003.