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**CHINA RESOURCES
(HOLDINGS) COMPANY
LIMITED**

(Incorporated in Hong Kong with limited liability)



**CHINA RESOURCES
ENTERPRISE, LIMITED**
(Incorporated in Hong Kong with limited liability)

LOGIC INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT

**CONNECTED TRANSACTION FOR THE COMPANY
SUBSCRIPTION OF NEW SHARES IN THE COMPANY BY CRE
AND CRH**

SUMMARY

A conditional subscription agreement dated 23rd February, 2000 was entered into between the Company, Waterside, CRE and CRH, pursuant to which the Company has conditionally agreed to issue, and the Subscribers, i.e. Waterside and CRH, have conditionally agreed to subscribe for a total of 884 million new Shares.

The Subscription Shares represent about 143.4% of the existing issued share capital of the Company as at 21st February, 2000 and about 58.9% of the enlarged issued share capital of the Company immediately after Completion.

The price payable by the Subscribers will be HK\$0.40 per Share in cash which was determined after arm's length negotiations between the Company, CRE and CRH. The net proceeds of the Subscription will be applied to repay loans and as working capital for future business development.

CRE and its controlling shareholder CRH are connected persons of the Company as Waterside, a wholly owned subsidiary of CRE, is a substantial shareholder of the Company. The subscription of new shares in the share capital of the Company by Waterside and CRH constitutes a connected transaction for the Company under the Listing

Rules and is subject to approval by the Independent Shareholders. At present, CRE and CRH and their respective associates and concert parties together hold approximately 38.7% of the existing issued share capital of the Company respectively and will abstain from voting at the SGM to approve the Subscription.

Upon Completion of the Subscription, the interests of CRE and CRH, and their respective associates and concert parties together, in the issued share capital of the Company will be increased from about 38.7% to about 55.0% and 74.8% respectively.

In the absence of the Whitewash Waiver, upon completion of the Subscription, CRE and CRH would be obliged to make a mandatory general offer to acquire all issued shares in the Company not held by CRE and CRH and any parties acting in concert with them under the Code. Application will be made to the Executive for the Whitewash Waiver pursuant to Note 1 of the Notes on Dispensation from Rule 26 of the Code, and the grant of such waiver was made a condition for Completion.

SUBSCRIPTION AGREEMENT (Agreement date: 23rd February, 2000)

Subscribers

Waterside for 586,770,396 new Shares

CRH for 297,229,604 new Shares

Number of Subscription Shares

A total of 884 million new Shares representing approximately 143.4% of the existing issued share capital of the Company or about 58.9% of the enlarged issued share capital of the Company immediately after Completion. Pursuant to the Subscription Agreement, Waterside will subscribe for 586,770,396 new Shares, representing 95.2% of the existing issued share capital of the Company and 39.1% of the enlarged issued share capital of the Company respectively and CRH will subscribe for 297,229,604 new Shares, representing 48.2% of the existing issued share capital of the Company and 19.8% of the enlarged issued capital of the Company respectively.

Subscription price

HK\$0.40 per Subscription Share representing (i) a discount of approximately 36.5% to the closing price of HK\$0.63 per Share as quoted on the Stock Exchange on 21st February, 2000 (the last trading day prior to the suspension of trading of the Shares on 22nd February,

2000); (ii) a discount of approximately 41.9% to the average closing price of approximately HK\$0.689 per Share as quoted on the Stock Exchange for the last 10 trading days up to 21st February, 2000 and (iii) a premium of 185.7% to the net asset value per Share, being approximately HK\$0.14, based on the audited accounts of the Company as at 31st March, 1999. The subscription price was determined based on arm's length negotiations between the Company, CRE and CRH with reference to the prevailing market price of the Shares, the net asset value per Share and having considered the current operating results and financial situations of the Company. The Directors believe the subscription price is fair and reasonable as far as the shareholders of the Company are concerned.

Costs and expenses

The Company, CRE and CRH will bear their own costs and expenses incurred in relation to the preparation of the Subscription Agreement and the Subscription.

Ranking

The Subscription Shares will rank *pari passu* in all respects with the existing Shares in issue, including ranking for payment of any dividend declared on and after the date of the Subscription Agreement.

Whitewash Waiver

Upon Completion, CRE and CRH will be interested in 825,347,743 Shares and 1,122,577,347 Shares (825,347,743 Shares held via CRE) of the Company respectively, representing 55.0% and 74.8% respectively of the enlarged issued share capital of the Company upon Completion. In the absence of the Whitewash Waiver, CRE and CRH should be obliged to make a mandatory general offer to acquire all issued shares in the Company not held by CRH and CRE or parties acting in concert with them under the Code. Application will be made to the Executive for the Whitewash Waiver pursuant to Note 1 of the Notes on Dispensation from Rule 26 of the Code and the grant of such waiver was made a condition for Completion. CRH and CRE do not intend to make a general offer in respect of the Shares should the Whitewash Waiver not being granted by the Executive.

Conditions of the Subscription

Completion of the Subscription is conditional on:

- (i) the approval of the Subscription and the Whitewash Waiver by the Independent Shareholders at the SGM;
- (ii) the Executive granting the Whitewash Waiver;
- (iii) the Bermuda Monetary Authority granting or agreeing to grant permission, prior to the date upon which the Subscription Shares are allotted and/or issued; and
- (iv) the representations and warranties from the Company in the Subscription Agreement having been true and accurate in all material respects and the undertakings having been duly performed.
- (v) the Listing Committee of the Stock Exchange granting listing of or agreeing to grant listing and permission to deal in the Subscription Shares.

Completion of the Subscription

In the event that the conditions, which are not waivable, are not fulfilled on or before 30th April, 2000 (or such later date as may be agreed between the parties) then the Subscription Agreement and all rights and obligations thereunder will cease and terminate.

REASONS FOR THE SUBSCRIPTION

The Directors (including the independent non-executive directors of the Company) believe that the cash subscription by CRE and CRH of shares in the Company will not only improve the Group's financial position but is also important to the Group's future business development. The Group recorded a net loss for the fiscal year ended 31st March, 1999 of approximately HK\$109.2 million and has a total borrowings of approximately HK\$236.6 million as at 17th February, 2000. The Directors believe that Subscription will increase the capital base of the Company and provide a solid financial foundation for the Group's existing business. Given the well-established business networks of CRE and CRH in the region and their strong financial backings, the Directors believe that the Subscription will enable the Group to better explore various business opportunities, and is thus the most favourable fund raising method. The Directors further believe that given the better PRC business connection and resources of CRH, a direct subscription of 297,229,604 new shares in the share capital of the Company by CRH may benefit the Company's future business development in the PRC.

The Directors intend that the Company will continue to develop its existing businesses of manufacturing, importing, marketing and distribution of office furniture products. In

addition, the Company will actively study the opportunity of further diversifying into other businesses, including exploring business opportunities in E-commerce.

There are currently eight directors (including three non-executive directors and two independent non-executive directors) on the board of directors of the Company, of which four are nominated by CRE. It is intended that all of them will remain on the board of directors immediately after completion of the Subscription. It is also intended that there will be no material change in the existing senior management and employees of the Company. Depending on future business development of the Company, CRH and CRE may nominate additional suitable candidates to the Board.

CLARIFICATION ON RECENT PRESS ARTICLES

The Directors note the recent press comments about the future business development of the Company, including possible assets injection including but not limited to CRE's or CRH's interests in Peoples Telephone Company Limited and China Unicom, into the Company by CRE and CRH. The Directors are not aware of any plans of assets injection by CRE and CRH into the Company or any reorganisation plan. The Company is studying various business opportunities, including the development of E-commerce business.

Announcements would be made in compliance with the requirements of the Listing Rules when necessary.

USE OF PROCEEDS FROM THE SUBSCRIPTION

The net proceeds of the Subscription are expected to amount to about HK\$350 million and will be used to repay all interest-bearing loans and as working capital. The proceeds will be applied as follows: about HK\$163 million for repaying bank loans; about HK\$76 million for repaying interest-bearing shareholders' loan due to a wholly owned subsidiary of CRE; and the remaining balance as working capital for future business development in accordance with the future business plans and strategies of the Company. However, the Group has not identified any project or specific plan at present.

SPECIAL GENERAL MEETING

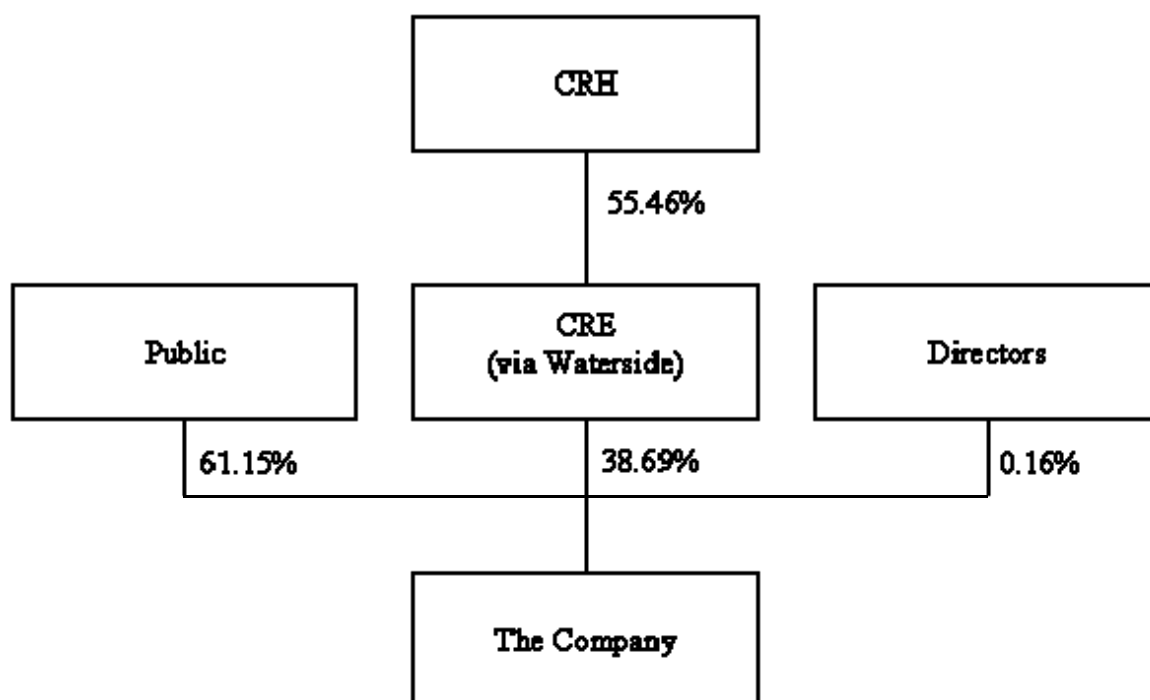
A special general meeting of the shareholders of the Company will be convened to seek the approvals necessary for the Subscription and the Whitewash Waiver. The Subscribers, who are connected persons of the Company and are interested in the Subscription, together with their associates and concert parties will abstain from voting on the resolution to approve the Subscription and Whitewash Waiver at the SGM.

INFORMATION ON THE COMPANY

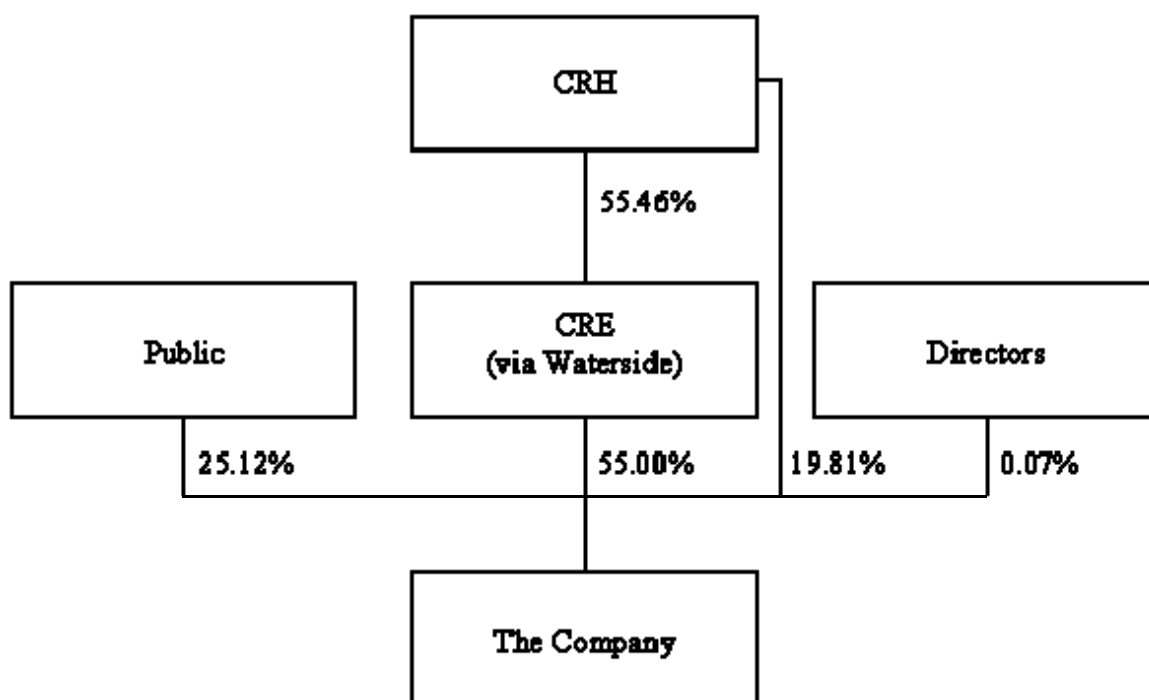
The Company, through its operating subsidiaries, is principally engaged in the businesses of manufacturing, importing, marketing and distribution of office furniture products to customers mainly in Hong Kong and the PRC. For the year ended 31st March, 1998, the audited net loss for the Group was approximately HK\$77.0 million. For the year ended 31st March, 1999, the audited net loss for the Group was approximately HK\$109.2 million. The audited consolidated net asset value of the Company as at 31st March, 1999 was approximately HK\$84.7 million. Based on the latest management accounts as at 31st December, 1999, the total borrowings of the Group were approximately HK\$247.6 million. The Company currently has 616,632,261 Shares in issue and approximately 5.4 million options outstanding and will have 1,500,632,261 Shares in issue and approximately 5.4 million options outstanding upon Completion.

CHANGES IN THE SHAREHOLDING OF THE COMPANY AS A RESULT OF THE SUBSCRIPTION

Shareholding structure before Completion:



Shareholding structure upon Completion:



The beneficial shareholdings of CRE and CRH and their respective associates in the Company immediately before the completion of the Subscription and immediately after the Subscription are as follows:

	Immediately before Completion	Immediately after Completion
CRE (held via Waterside)	238,577,347 Shares (about 38.7 per cent.)	825,347,743 Shares (about 55.0 per cent.)
CRH	238,577,347 Shares (via CRE and Waterside) (about 74.8 per cent.)	1,122,577,347 Shares (825,347,743 Shares via CRE and Waterside) (about 38.7 per cent.)

INFORMATION ON THE SUBSCRIBERS

Waterside

Waterside is a company incorporated in British Virgin Islands with limited liability and is a wholly owned subsidiary of CRE. CRE is a company incorporated in Hong Kong under the Companies Ordinance. Its shares are listed on the Stock Exchange. CRE and its subsidiaries are engaged in a wide range of businesses including property investment and

development, food and beverages, infrastructure and other investments. For the year ended 31st December, 1998, the consolidated net profit attributable to shareholders of CRE was approximately HK\$1,268.4 million

CRH

CRH is a private limited company incorporated in Hong Kong and is the controlling shareholder of CRE with approximately 55.46% equity interests in CRE.

CRH holds, apart from its interests in CRE, investments in a variety of industries and business sectors including telecommunication, infrastructure, power and petrochemical in the PRC and Hong Kong.

GENERAL

The Company will apply to the Stock Exchange for listing of and permission to deal in the Subscription Shares. Application will be made to the SFC for the Whitewash Waiver.

There are no dealings in the Shares in the past six months by CRH, CRE and their respective associates and concert parties. The Independent Board Committee of the Company comprising Mr. Wong Tak Shing, and Mr. Ong Kim Toh, Patrick, both being independent non-executive Directors will be established to consider the Subscription and the Whitewash Waiver. A circular containing details of the Subscription, the Whitewash Waiver, a letter from the Independent Board Committee, a letter from the independent financial adviser to the Independent Board Committee, the notice of the SGM of the Company will be sent to the shareholders of the Company as soon as practicable. In addition, an announcement of the result of the aforesaid SGM will be made by the Company.

BNP Prime Peregrine Capital Limited has been appointed as the financial advisor of CRE. An independent financial adviser will be appointed to advise the Independent Board Committee in relation to the Subscription.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended at 10:00 a.m. on 22nd February, 2000. Application will be made to resume trading at 10:00 a.m. on Thursday, 24th February, 2000.

DEFINITIONS

"associates"	as defined in the Listing Rules
"Board"	the board of Directors
"Code"	the Hong Kong Code on Takeovers and Mergers
"Company"	Logic International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
"Completion"	completion of the allotment and issue of the Subscription Shares under the Subscription Agreement
"CRE"	China Resources Enterprise, Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
"CRH"	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability, the holding company of CRE with approximately 55.46% equity interest in CRE
"Directors"	the directors of the Company
"Executive"	the Executive Director of the Corporate Finance Division of SFC or any delegate of the Executive Director
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	a committee of the independent board of directors of the Company
"Independent Shareholder(s)"	the shareholders of the Company other than CRE, CRH and their associates and concert parties
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"PRC"	the People's Republic of China excluding, for the purpose of this announcement Hong Kong, Macau and Taiwan
"SFC"	the Securities and Futures Commission of Hong

	Kong	
"SGM"	the special general meeting of the Company to be convened for approving, inter alia, the Subscription and the Whitewash Waiver	
"Share(s)"	ordinary share(s) of HK\$0.10 each in the share capital of the Company	
"Stock Exchange"	The Stock Exchange of Hong Kong Limited	
"Subscribers"	together CRH (or its nominees) and Waterside	
"Subscription"	the subscription by CRH and Waterside of an aggregate of 884 million new Shares pursuant to the Subscription Agreement	
"Subscription Agreement"	the agreement dated 23rd February, 2000, between the Subscribers, the Company and CRE for the Subscribers to subscribe for 884 million new Shares	
"Subscription Shares"	the 884 million new Shares to be subscribed by the Subscribers under the Subscription Agreement	
"Waterside"	Waterside Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, and a wholly owned subsidiary of CRE	
"Whitewash Waiver"	the granting by the Executive of a waiver pursuant to Note 1 of the Notes on Dispensations from Rule 26 of the Code waiving the obligation on the part of Waterside, CRE and CRH and parties acting in concert with them to make a general offer as a result of the Subscription	
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region	

By Order of the Board
China Resources
(Holdings)
Company Limited

By Order of the Board
China Resources
Enterprise, Limited
Xu Zhiming

By Order of the Board
Logic International
Holdings Limited
Kwok Siu Kai, Dennis

Song Lin
Director

Executive Director

Chief Executive Officer

Hong Kong, 23rd February, 2000

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement other than those relating to Waterside, CRE and CRH and confirm, having made all reasonable enquiries that, to the best of their knowledge, the opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The directors of CRE and CRH jointly and severally accept full responsibility for the accuracy of the information contained in this announcement other than those relating to the Company or the Group, and confirm, having made all reasonable enquiries that, to the best of their knowledge, the opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.