



TECHNOLOGY VENTURE HOLDINGS LIMITED

(宏昌科技集團有限公司)*

(incorporated in Bermuda with limited liability)

CONNECTED AND SHARE TRANSACTION

Connected and Share Transaction

The Directors announced that pursuant to the Agreement dated 4 June 2002 and made between (1) the Purchaser, a wholly owned subsidiary of the Company; (2) the Vendor; and (3) the Guarantor, the Purchaser has agreed to acquire from the Vendor the Sale Shares.

The consideration payable by the Purchaser for the Acquisition is HK\$28,080,000 representing a premium of approximately HK\$18,096,103 to the net tangible asset value of DMX attributable to the Sale Shares, based on the Management Accounts, and is to be satisfied by the allotment and issue to the Vendor of 49,964,413 Consideration Shares, credited as fully paid. The Consideration and therefore the premium was agreed to in contemplation of the Proposed Spin-off and the Proposed Listing and was meant to reflect the expected market capitalisation of the Exchanged Listco Shares. Reference is made to the previous announcements of the Company dated 17 May 2002 and 31 May 2002 respectively. The expected market capitalisation of the Exchanged Listco Shares is calculated with reference to, among other factors, (i) the price earnings ratio of the Sale Shares based on the Management Accounts, which amounts to approximately 15.5 times; and (ii) the price earnings ratios of companies listed on the Hong Kong Stock Exchange, the NASDAQ and the Stock Exchange of Singapore Limited with business similar to the DMX Group.

The Company is actively exploring the feasibility of and has been carrying out steps in relation to the Proposed Spin-off and the Proposed Listing, including the appointment of a sponsor and auditors. However, no specific terms and timing have been finalised on the Proposed Spin-off and the Proposed Listing. **Therefore, there is no assurance that the Company will proceed with the Proposed Spin-off and the Proposed Listing.** The Group will keep the public informed by making further announcements on the developments and progress of the Proposed Spin-off and Proposed Listing.

In the meantime, public investors are urged to exercise extreme caution in dealings in the shares of the Company.

The Consideration is subject to the adjustment as referred to in the section headed "Adjustment to Consideration" below.

At Completion, 49,964,413 Consideration Shares will be allotted and issued at the issue price of HK\$0.562 per Consideration Share, representing approximately 11.04 per cent. of the issued share capital of the Company and approximately 9.94 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of Consideration Shares.

The issue price of HK\$0.562 per Consideration Share represents a discount of approximately 1.2 per cent. to the average closing price of the Shares of HK\$0.569 for the last 10 trading days up to the date of the Agreement and a premium of approximately 0.4 per cent. over the closing price of the Shares of HK\$0.56 as at the date of the Agreement.

The value of the Consideration Shares based on the closing price of the Shares as at 6 June 2002, the latest practicable date prior to this announcement, is approximately HK\$27,980,071, representing a premium of approximately HK\$17,996,174 to the net tangible asset value of DMX attributable to the Sale Shares based on the Management Accounts.

Completion is conditional upon the satisfaction of the conditions referred to in the section headed "Conditions" below.

DMX was incorporated in Hong Kong on 9 August 1994 and its entire issued capital is owned as to 51 per cent. by the Group and as to the balance of 49 per cent. by the Vendor. The entire issued share capital of the Vendor is beneficially owned by the Guarantor. Accordingly, each of the Vendor and the Guarantor is a connected person (as defined in the Listing Rules) of the Company and the Acquisition constitutes a connected and share transaction on the part of the Company under the Listing Rules.

An independent committee of the Directors comprising the independent non-executive Directors, Dr Lo Siew Kiong, John and Dr Chou Tao Hsiung, Joseph will be formed to advise the Independent Shareholders on the Agreement and the transactions contemplated thereunder including but not limited to the allotment and issue of the Consideration Shares to the Vendor, credited as fully paid. An independent financial adviser will be appointed to advise the independent board committee in this regard.

The SGM will be convened and held as soon as practicable to consider and if thought fit, passing the resolutions to approve the Agreement and the transactions contemplated thereunder including but not limited to the allotment and issue of the Consideration Shares to the Vendor, credited as fully paid. A circular containing, among other matters, details of the Agreement, the notice convening the SGM, the opinion of the independent financial adviser and the advice of the independent board committee will be despatched to the Shareholders as soon as possible.

The Vendor and its associates (as defined in the Listing Rules) will abstain from voting in respect of the resolutions to be proposed at the SGM to approve the Agreement and transactions contemplated thereunder including but not limited to the allotment and issue of the Consideration Shares to the Vendor, credited as fully paid.

Trading in the Shares on the Hong Kong Stock Exchange was suspended at the request of the Company at 9:30 a.m. on 5 June 2002 pending the release of this announcement. Application has been made to the Hong Kong Stock Exchange for the resumption of trading in the Shares at 9:30 a.m. on 7 June 2002.

THE AGREEMENT

Parties

- (1) The Purchaser : Technology Venture Investments Limited, a wholly owned subsidiary of the Company
- (2) The Vendor : Datamatics Limited

The Vendor is a substantial shareholder of DMX and accordingly a connected person (as defined in the Listing Rules) of the Company. The Vendor is wholly owned by the Guarantor. Save as being a substantial shareholder of DMX, the Vendor is an independent party not otherwise connected with the directors, chief executive or substantial shareholder of the Company or any of its subsidiaries or any of their respective associates.

- (3) The Guarantor : Ho Kam Shing, Peter

The Guarantor is the sole director and beneficial owner of the entire issued share capital of the Vendor and accordingly a connected person (as defined in the Listing Rules) of the Company. Save as being the sole director and beneficial owner of the entire issued share capital of the Vendor, the Guarantor is an independent party not otherwise connected with the directors, chief executive or substantial shareholder of the Company or any of its subsidiaries or any of their respective associates.

Assets acquired

The Purchaser acquired approximately 51 per cent. of the issued share capital of DMX (then Skynet Consultants Company Limited) on 28 November 2000. Pursuant to the Agreement, the Vendor has agreed to sell and the Purchaser has agreed to purchase, the Sale Shares, being 10 per cent. of the issued share capital of DMX, resulting in an aggregate holding by the Purchaser of approximately 61 per cent. of the issued share capital of DMX upon Completion. As at the date of this announcement, the existing issued share capital of DMX is HK\$14,880 divided into 14,880 shares of HK\$1.00 each.

DMX was incorporated in Hong Kong on 9 August 1994 and its entire issued capital is owned as to 51 per cent. by the Group and as to the balance of 49 per cent. by the Vendor. Accordingly, the Vendor is a substantial shareholder of DMX and the Acquisition constitutes a connected and share transaction on the part of the Company under the Listing Rules.

The DMX Group commenced its business in November 1999 and is a computer system integrator principally engaged in the provision of networking, Internet security, e-commerce and web based television solutions in Hong Kong, the PRC and certain other countries in Asia.

The net liability of the DMX Group, based on its audited accounts (the "2000 Audited Accounts") for the 12 months ended 30 June 2000, amounted to approximately HK\$1,461,323. Based on the 2000 Audited Accounts, the DMX Group recorded a profit before and after taxation of approximately HK\$1,022,649 for the 12 months ended 30 June 2000. As at 31 December 2001, the net assets of the DMX Group, based on its audited accounts (the "2001 Audited Accounts") for the 18 months ended 31 December 2001, amounted to HK\$99,651,065. Based on the 2001 Audited Accounts, the DMX Group recorded a net profit (the "Net Profit") before taxation of approximately HK\$13,824,302 and a profit after tax of approximately HK\$11,112,388 for the 18 months ended 31 December 2001.

Consideration

The aggregate consideration for the Acquisition is HK\$28,080,000, representing a premium of approximately HK\$18,096,103 to the net tangible asset value of DMX attributable to the Sale Shares based on the Management Accounts. The said premium is approximately 181.25 per cent. of the net tangible asset value of DMX attributable to the Sale Shares. The Consideration and therefore the premium was agreed to in contemplation of the Proposed Spin-off and the Proposed Listing and was meant to reflect the expected market capitalisation of the Exchanged Listco Shares. Reference is made to the previous announcements of the Company dated 17 May 2002 and 31 May 2002 respectively. The expected market capitalisation of the Exchanged Listco Shares is calculated with reference to, among other factors, (i) the price earnings ratio of the Sale Shares based on the Management Accounts, which amounts to approximately 15.5 times; and (ii) the price earnings ratios of companies listed on the Hong Kong Stock Exchange, the NASDAQ and the Stock Exchange of Singapore Limited with business similar to the DMX Group.

The Consideration payable by the Purchaser for the Acquisition is based on arm's length negotiations between the Purchaser and the Vendor.

The Company is actively exploring the feasibility of and has been carrying out steps in relation to the Proposed Spin-off and the Proposed Listing, including the appointment of a sponsor and auditors. However, no specific terms and timing have been finalised on the Proposed Spin-off and the Proposed Listing. **Therefore, there is no assurance that the Company will proceed with the Proposed Spin-off and the Proposed Listing.** The Group will keep the public informed by making further announcements on the developments and progress of the Proposed Spin-off and Proposed Listing.

In the meantime, public investors are urged to exercise extreme caution in dealings in the shares of the Company.

The Consideration is to be satisfied by the allotment and issue of a total of 49,964,413 Consideration Shares, credited as fully paid, calculated by reference to the average closing price of the Shares as quoted on the Hong Kong Stock Exchange for the 5 trading days immediately preceding the date of the Agreement, namely HK\$0.562.

The Consideration Shares, when allotted and issued, will rank pari passu in all respects with each other and with the existing issued Shares. At Completion, the 49,964,413 Consideration Shares will be allotted and issued at the issue price of HK\$0.562 per Consideration Share (the "Issue Price"), representing approximately 11.04 per cent. of the issued share capital of the Company and approximately 9.94 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of Consideration Shares.

The Issue Price represents a discount of approximately 1.2 per cent. to the average closing price of the Shares of HK\$0.569 for the last 10 trading days up to the date of the Agreement and a premium of approximately 0.4 per cent. over the closing price of the Shares of HK\$0.56 as at the date of the Agreement.

The value of the Consideration Shares based on the closing price of the Shares as at 4 June 2002, the latest practicable date prior to this announcement, is approximately HK\$27,980,071, representing a premium of approximately HK\$17,996,174 to, or approximately 180.25% of, the net tangible asset value of DMX attributable to the Sale Shares based on the Management Accounts.

In the event that the Proposed Spin-off or the Proposed Listing do not materialise, the Company intends to continue to hold the shares in DMX as a long-term investment. Further, there will not be any adjustment to the Consideration as referred to hereinbelow.

Adjustment to Consideration

In the event that the Actual Market Capitalisation is less than 95 per cent. of the Consideration, the Vendor shall pay to the Purchaser in cash a sum equal to the difference by which the Consideration exceeds the Actual Market Capitalisation, such payment to be made within 7 days after the receipt of a certificate in writing signed by the Purchaser certifying the said difference. The certificate itself shall be delivered within 7 days after the latter of the issue of the prospectus of DMX in connection with the Proposed Listing or the final determination of the Actual IPO Price. The Guarantor has given a guarantee in relation to, among other things, the performance by the Vendor of its obligation to pay the Purchaser in the manner specified above.

Conditions

Completion is conditional on:

- (1) the Listing Committee of the Hong Kong Stock Exchange granting listing of and permission to deal in the Consideration Shares;
- (2) if necessary, the Bermuda Monetary Authority granting consent to the allotment and issue of the Consideration Shares; and
- (3) the Independent Shareholders passing at the SGM an ordinary resolution to approve the Agreement and the transactions contemplated thereunder including but not limited to the allotment and issue of the Consideration Shares to the Vendor, credited as fully paid.

Completion shall take place on the day falling two Business Days after the fulfillment of the conditions referred to above. If any of the conditions referred to above is not fulfilled on or before 31 July 2002, the Agreement shall cease and determine and none of the parties shall have any claim against the others.

Reasons for the Acquisition

The Company is principally engaged in investment holding with its subsidiaries principally engaged in the provision of systems integration services, software development and the provision of other information technology services and is well-complemented by the DMX Group's business, particularly in the PRC and certain other countries in Asia.

The Acquisition is expected to further enable the Group to capture the potential capital appreciation of the DMX Group and is also expected to enhance the DMX Group's strategic value to the Group.

Further, as a consequence of the Proposed Listing, the Group's interest in the DMX Group will be diluted and the Acquisition is also made to top up the Group's diluted interest in the DMX Group as a result of the Proposed Listing.

The Company is actively exploring the feasibility of and has been carrying out steps in relation to the Proposed Spin-off and the Proposed Listing, including the appointment of a sponsor and auditors. However, no specific terms and timing have been finalised on the Proposed Spin-off and the Proposed Listing. **Therefore, there is no assurance that the Company will proceed with the Proposed Spin-off and the Proposed Listing.** Reference is made to the previous announcements of the Company dated 17 May 2002 and 31 May 2002 respectively. The Group will keep the public informed by making further announcements on the developments and progress of the Proposed Spin-off and Proposed Listing.

In the meantime, public investors are urged to exercise extreme caution in dealings in the shares of the Company.

General

DMX was incorporated in Hong Kong on 9 August 1994 and its entire issued capital is owned as to 51 per cent. by the Group and as to the balance of 49 per cent. by the Vendor. The entire issued share capital of the Vendor is beneficially owned by the Guarantor. Accordingly, each of the Vendor and the Guarantor is a connected person (as defined in the Listing Rules) of the Company and the Acquisition constitutes a connected and share transaction on the part of the Company under the Listing Rules.

An independent committee of the Directors comprising the independent non-executive Directors, Dr Lo Siew Kiong, John and Dr Chou Tao Hsiung, Joseph will be formed to advise the Independent Shareholders on the Agreement and the transactions contemplated thereunder including but not limited to the allotment and issue of the Consideration Shares to the Vendor, credited as fully paid. An independent financial adviser will be appointed to advise the independent board committee in this regard.

The SGM will be convened and held as soon as practicable to consider and if thought fit, passing the resolution to approve the Agreement and the transactions contemplated thereunder including but not limited to the allotment and issue of the Consideration Shares to the Vendor, credited as fully paid.

A circular containing, among other matters, details of the Agreement, the notice convening the SGM, the opinion of the independent financial adviser and the advice of the independent board committee will be despatched to the Shareholders as soon as possible.

Application will be made to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

Trading in the Shares on the Hong Kong Stock Exchange was suspended at the request of the Company at 9:30 a.m. on 5 June 2002 pending the release of this announcement. Application has been made to the Hong Kong Stock Exchange for the resumption of trading in the Shares at 9:30 a.m. on 7 June 2002.

DEFINITIONS

In this Announcement, unless the context otherwise requires, the following words and expressions shall have the respective meanings set out opposite them below:

"Actual IPO Price"	the price (exclusive of brokerage, trading fee and transaction levy, if any) of which the shares in Listco are subscribed or purchased by successful applicants under the proposed offer of Listco Shares in connection with the Proposed Listing
"Actual Market Capitalisation"	the product of the Actual IPO Price and the Exchanged Listco Shares
"Acquisition"	the acquisition by the Purchaser of the Sale Shares pursuant to the terms and conditions of the Agreement
"Agreement"	a conditional agreement dated 4 June 2002 and made between (1) the Purchaser; (2) the Vendor; and (3) the Guarantor in relation to the Acquisition
"Business Day"	a day (other than a Saturday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
"Company"	Technology Venture Holdings Limited, the Shares of which are listed on the Hong Kong Stock Exchange
"Completion"	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Agreement
"Consideration"	HK\$28,080,000 being the consideration payable by the Purchaser to the Vendor for the Sale Shares under the Agreement
"Consideration Shares"	such number of Shares which may be allotted and issued to the Vendor, credited as fully paid, as consideration for the Acquisition
"Director"	a director of the Company
"DMX"	DMX Technologies (HK) Limited, a company incorporated in Hong Kong, of which approximately 51% of the entire issued capital is owned by the Purchaser
"DMX Group"	DMX and its subsidiaries
"Exchanged Listco Shares"	such number of shares in Listco for which the Sale Shares are to be exchanged for pursuant to the Pre-Listing Reorganisation
"Group"	the Company and its subsidiaries
"Guarantor"	Ho Kam Shing, Peter, the sole director and beneficial owner of the entire issued share capital of the Vendor and accordingly a connected person (as defined in the Listing Rules) of the Company. Save as being the sole director and beneficial owner of the entire issued share capital of the Vendor, the Guarantor is an independent party not otherwise connected with the directors, chief executive or substantial shareholder of the Company or any of its subsidiaries or any of their respective associates
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Independent Shareholders"	Shareholders other than the Vendor and its associates
"Listco"	the proposed ultimate holding company of the DMX Group to be incorporated in Bermuda, which pursuant to the Pre-Listing Reorganisation, will become the holding company of the Listco Group
"Listco Group"	Listco and its subsidiaries (including DMX) following the Pre-Listing Reorganisation
"Listing Rules"	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Management Accounts"	the unaudited combined management accounts of the DMX Group as at 30 April 2002
"Pre-Listing Reorganisation"	the proposed reorganisation of the DMX Group prior to and in preparation of the Proposed Listing pursuant to which (1) DMX and its subsidiaries will be reorganised into subsidiaries of Listco; (2) the shareholders of DMX will become shareholders of Listco; and (3) Listco will apply for the Proposed Listing
"PRC"	the People's Republic of China, which for the purpose of this announcement, excludes Hong Kong
"Proposed Listing"	the proposed listing of shares in Listco on a recognised stock exchange to be agreed between the Purchaser and the Vendor
"Proposed Spin-off"	the proposed spin-off of DMX
"Purchaser"	Technology Venture Investments Limited, a wholly owned subsidiary of the Company
"Sale Shares"	a total of 1,488 shares of HK\$1.00 each in the capital of DMX, representing 10% of the issued share capital of DMX
"SGM"	the special general meeting of the Company to be convened to consider the Agreement and the transactions contemplated thereunder including but not limited to the allotment and issue of the Consideration Shares to the Vendor, credited as fully paid.
"Shareholders"	shareholders of the Company
"Shares"	shares of HK\$0.10 each in the capital of the Company
"Vendor"	Datamatics Limited, a substantial shareholder of DMX and accordingly a connected person (as defined in the Listing Rules) of the Company. The Vendor is wholly owned by the Guarantor and which the Guarantor is the sole director of. Save as being a substantial shareholder of DMX, the Vendor is an independent party not otherwise connected with the directors, chief executive or substantial shareholder of the Company or any of its subsidiaries or any of their respective associates
"HK\$"	Hong Kong dollars

By order of the board
Technology Venture Holdings Limited
Chan Tze Ngon
Chairman

*Please also refer to the published version of this announcement in
The Standard and Hong Kong Economic Times.*