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TECHNOLOGY VENTURE HOLDINGS LIMITED

(宏昌科技集團有限公司)*

(incorporated in Bermuda with limited liability)

(Stock Code: 61)

MAJOR AND CONNECTED TRANSACTIONS:

DISPOSAL AND ACQUISITION OF EQUITY INTERESTS IN SUBSIDIARIES

On 30 September 2005, the Group entered into the Sale and Purchase Agreements with Aryalin and its nominee company in relation to: (i) the disposal of the entire equity interests in ADT (BJ) (北京先進數通信息技術有限公司) for a consideration of RMB\$27 million (equivalent to approximately HK\$26.00 million); and (ii) the acquisition of 45% equity interests in ADT (BVI) for a nominal consideration of HK\$1.00. The purpose of the Transactions is to dispose of the Company's 55% equity interests in ADT (BJ).

Aryalin, being a substantial shareholder of ADT (BVI), is a connected person of the Company. As the relevant percentage ratios are more than 25% but less than 75%, the Transactions therefore constitute major and connected transactions on the part of the Company under Rules 14.06 and 14A.13(1)(a) of the Listing Rules.

A circular containing, among other matters, details of the Transactions, the letter from Tai Fook Capital Limited to the Independent Board Committee and the independent Shareholders, the recommendation of the Independent Board Committee to the independent Shareholders on the Transactions together with the notice of the Special General Meeting will be despatched to the Shareholders within 21 days after the publication of this announcement.

At the request of the Company, trading in the Shares has been suspended from 2:30 p.m. on 30 September 2005 pending the issue of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 6 October 2005.

The Board is pleased to announce that the Sale and Purchase Agreements are entered into for the purpose of disposing of the Company's 55% equity interests in ADT (BJ). Details of the Sale and Purchase Agreements are as follows:

SALE AND PURCHASE AGREEMENTS

(A) Disposal Agreement

Date: 30 September 2005

- Parties:**
- (1) Vendor: ADT (Hong Kong), a 55% owned subsidiary of the Company before Completion
 - (2) Purchaser: Prosper Success Investments Limited, an investment holding company incorporated in the British Virgin Islands beneficially owned by Aryalin

Aryalin is a substantial shareholder of ADT (BVI) which is a subsidiary of the Company. Under the definition of the Listing Rules, it is a connected person of the Company. To the best knowledge, information and belief of the Directors, Aryalin does not hold any Shares. As Prosper Success Investments Limited is an associate of Aryalin, it is also a connected person of the Company.

Asset to be disposed:

The entire registered capital of ADT (BJ).

Consideration:

The consideration for the Disposal is RMB\$27 million (equivalent to approximately HK\$25,961,539), of which:

- (a) RMB4 million (equivalent to approximately HK\$3,846,154) shall be payable in cash as initial deposit within ten days after the date of the Disposal Agreement;
- (b) RMB13 million (equivalent to HK\$12,500,000) shall be payable in cash to an escrow agent as further deposit within 15 days after the date of the Disposal Agreement; and
- (c) RMB10 million (equivalent to approximately HK\$9,615,385) shall be payable by way of bank draft for acceptance due within 12 months issued by a licensed bank in the PRC or Hong Kong on the date of Completion.

The purchaser shall have the option at its discretion to satisfy the remaining consideration of RMB10 million by payment of RMB9 million (equivalent to approximately HK\$8,653,846) in cash on the date of Completion. No consent of the Company is required for the purchaser to exercise the option. This payment option is given at the request of the purchaser to provide greater flexibility for it such that it may defer payment for 12 months at the expense of payment of additional RMB1 million. In view of the additional RMB1 million consideration receivable if the purchaser elects to exercise the option to defer payment, the Directors consider that the grant of such an option is in the interests of the Company and the Shareholders as a whole.

The consideration for the Disposal was arrived at after arm's length negotiations between the parties to the Disposal Agreement with reference to the unaudited net asset value of ADT (BJ) as at 31 August 2005 of approximately HK\$21.5 million (in which the Group is interested in 55% only), its current loss making position, and the unfavourable business environment in the PRC in which ADT (BJ) is

* for identification purpose only

engaged which casts doubt on the future prospects of ADT (BJ) (details of which please refer to the paragraph headed “Reasons for the Disposal and Acquisition” below). The Directors consider the terms and conditions of the Disposal to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Condition

The Disposal is conditional upon the independent Shareholders passing at the Special General Meeting the resolution approving: (i) the Disposal Agreement and the transactions contemplated thereunder; and (ii) the Acquisition Agreement and the transactions contemplated thereunder, both to be taken by way of a poll.

If the condition is not fulfilled on or before 5:00 p.m. on 29 November 2005 (or such later date as the parties may agree), the deposits paid by the purchaser shall be refunded forthwith without interest by the Group and the Disposal Agreement shall cease and determine.

Completion

Completion is expected to take place on 30 November 2005 (or such other date as may be agreed between the parties hereto) after the fulfillment of the condition mentioned above.

(B) Acquisition Agreement

Date: 30 September 2005

Parties: (1) Vendor: Aryalin

(2) Purchaser: Technology Venture Investments Limited, a wholly owned subsidiary of the Company

Asset to be acquired:

450 shares of US\$1.00 each in the share capital of ADT (BVI), representing 45% of the entire issued share capital of ADT (BVI). These 450 shares in ADT (BVI) were acquired by Aryalin through subscription on 21 June 2000 at the cost of US\$450.

Consideration:

A nominal consideration of HK\$1.00 payable in cash on the date of Completion.

The consideration for the Acquisition was arrived at after arm’s length negotiations between the parties to the Acquisition Agreement taking into consideration of the terms of the Disposal. Given the Acquisition Agreement is entered into for the purpose of disposing of the Company’s 55% equity interests in ADT (BJ), the Directors consider the terms and conditions of the Acquisition to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions

The Acquisition is conditional upon: (i) the independent Shareholders passing at the Special General Meeting the resolution approving the Acquisition Agreement and the transactions contemplated thereunder to be taken by way of a poll; and (ii) completion of the Disposal Agreement in accordance with its terms.

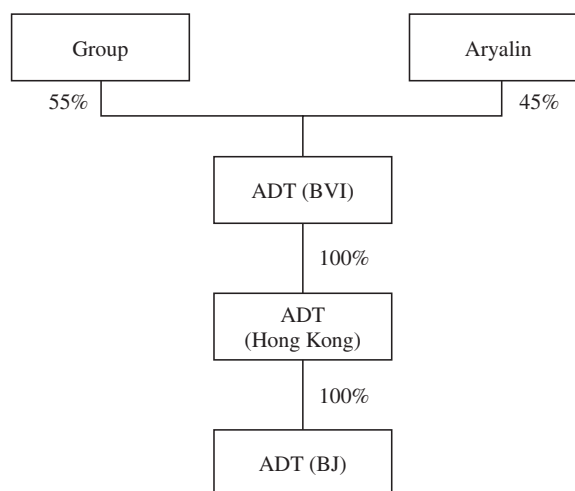
If the conditions are not fulfilled on or before 5:00 p.m. on 30 November 2005 (or such later date as the parties may agree), the Acquisition Agreement shall cease and determine.

Completion

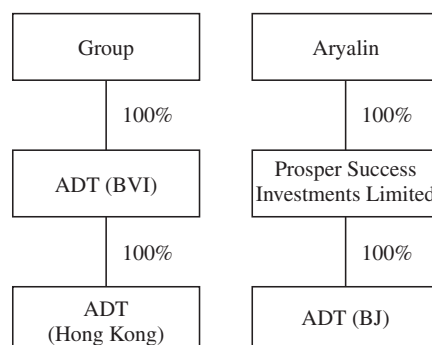
Completion is expected to take place on the date of completion of the Disposal Agreement.

Upon Completion, ADT (BVI) and ADT (Hong Kong) will become wholly owned subsidiaries of the Company and ADT (BJ) will cease to be a subsidiary of the Company. The following charts show the shareholding structures of the ADT Group immediately before and after Completion:

Shareholding structure immediately before Completion



Shareholding structure immediately after Completion



INFORMATION ON ARYALIN

Aryalin is a company incorporated in the British Virgin Islands and is principally engaged in investment holding. To the best knowledge, information and belief of the Directors, the entire issued share capital of Aryalin is owned as to approximately 9.7% by Caifoo Investments Holding Limited and as to approximately 90.3% by Vectara Limited, both of which are beneficially owned by Mr. Foo Hei. Before Completion, Aryalin is the substantial shareholder holding 45% equity interests in the issued share capital of ADT (BVI). Under the Listing Rules, each of Mr. Foo, Hei, Caifoo Investments Holding Limited, Vectara Limited and Aryalin is a connected person of the Company.

INFORMATION ON THE ADT GROUP

ADT (BVI) is an investment holding company incorporated in the British Virgin Islands with limited liability. ADT (BVI) is the holding company of ADT (Hong Kong) which in turn is the registered and beneficial owner of ADT (BJ). ADT (BJ) is a wholly-foreign owned enterprise established in the PRC principally engaged for the provision of systems integration services and software development to the banking sector in the PRC. Before Completion, the issued share capital of ADT (BVI) is owned as to 55% by the Group and as to 45% by Aryalin. After Completion, the registered capital of ADT (BJ) will be wholly owned by Aryalin, and ADT (BVI) and ADT (Hong Kong) will be wholly owned by the Group.

The following tables show the turnover, net profit (loss) before tax, net profit (loss) after tax and the net asset value of each member of the ADT Group based on its management accounts:

	For the year ended 31 December 2003			As at 31 December 2003
	Turnover	Net profit	Net profit	Net asset value
	HK\$'000	(loss) before tax HK\$'000	(loss) after tax HK\$'000	HK\$'000
ADT (BVI)	—	(9)	(9)	(37)
ADT (Hong Kong)	5,355	986	304	6,197
ADT (BJ)	145,976	3,312	3,312	33,554

	For the year ended 31 December 2004			As at 31 December 2004
	Turnover	Net profit	Net profit	Net asset value
	HK\$'000	(loss) before tax HK\$'000	(loss) after tax HK\$'000	HK\$'000
ADT (BVI)	—	(9)	(9)	(46)
ADT (Hong Kong)	4,197	(948)	(1,225)	4,972
ADT (BJ)	156,041	(5,748)	(5,748)	27,719

REASONS FOR THE DISPOSAL AND THE ACQUISITION

The principal activity of the Company is investment holding with its subsidiaries principally engaged in the distribution of computer hardware and software products and the provision of computer technology services.

Based on the audited consolidated financial statements of the Group for the year ended 31 December 2003 and 31 December 2004, the audited turnover of the Group was approximately HK\$261,692,000 and HK\$237,841,000 respectively, the audited net loss before taxation of the Group was approximately HK\$15,734,000 and HK\$29,755,000 respectively and the audited net loss after taxation of the Group was approximately HK\$13,760,000 and HK\$29,930,000 respectively.

As mentioned in the annual report of the Company for 2004, gross profit of the Group dropped from approximately HK\$36,284,000 to approximately HK\$27,165,000. The decline was primarily attributable to, among other matters, the unfavourable business environment in the PRC leading to fierce competition and contraction of spending by the customers in information technology. As a result, the financial performance of ADT (BJ) has been directly affected and the gross profit of ADT (BJ) decreased from approximately HK\$21,477,000 in 2002 to approximately HK\$10,450,000 in 2004. Gross profit margin of ADT (BJ) dropped from approximately 23% in 2002 to 7% in 2004, resulting in a loss position in 2004 as mentioned in the paragraph headed "Information of the ADT Group" above. Facing the current unfavourable business environment in the PRC, the Directors are not optimistic about the prospects of ADT (BJ) in the foreseeable future and do not intend to devote further time and resources in ADT (BJ). The Directors consider that the Group would benefit from the Disposal in the long run by reallocating the resources in terms of time, money and efforts as previously devoted to ADT (BJ) to other business of the Group which has a better growth potential.

The purpose of the Transactions is to dispose of the Company's 55% equity interests in ADT (BJ). Immediately after Completion, the ADT Group will comprise ADT (BVI) and ADT (Hong Kong) only which will become dormant. Upon Completion, a deed of set off and settlement will be entered into between the Group and Aryalin (and its associates) pursuant to which any inter-company balances between the Group and Aryalin (and its associates) will be set off and deemed satisfied upon Completion.

The net proceeds of the Disposal of approximately RMB26.5 million (equivalent to approximately HK\$25.48 million) will be used for general working capital of the Group to strengthen the Group's business of distribution of information technology products and provision of computer technology related services. However, the Group will look for other suitable business opportunity in order to diversify its business into other information technology related area with better growth potential. As at the date of this announcement, no such opportunity has been identified by the Group yet.

FINANCIAL EFFECT OF THE DISPOSAL

It is estimated that, upon Completion and based on the investments costs in ADT (BJ) of approximately HK\$42.7 million adjusted by including the results of ADT (BJ) since the acquisition of it on 1 September 2000 up to 31 August 2005 of approximately HK\$1.6 million, the Group will record a loss on disposal of approximately HK\$19.6 million for the year ending 31 December 2005 and an increase in the net assets of the Group by approximately HK\$30.7 million arising from: (i) the reversal of the goodwill on acquisition of the ADT Group in 2000 of approximately HK\$23 million; and (ii) the gain on the set off and settlement of the inter-company balances between the Group and Aryalin (and its associates) upon Completion of approximately HK\$7.7 million.

The Company confirms that immediately after the Disposal, the Group will be engaged in the distribution of information technology products and provision of computer technology services, and the provision of information technology management, online and support services as well as Internet portal and data management service to property agencies in the PRC. By reference to the audited results of the Group for the year ended 31 December 2004, turnover of the Group excluding the ADT Group was approximately HK\$77.9 million. As such, the Company believed that the Group has sufficient level of operations to warrant the continued listing of the Shares on the Stock Exchange.

LISTING RULES IMPLICATION

Aryalin, being a substantial shareholder of ADT (BVI), is a connected person of the Company. As the relevant percentage ratios are more than 25% but less than 75%, the Transactions therefore constitute major and connected transactions on the part of the Company under Rules 14.06 and 14A.13(1)(a) of the Listing Rules.

The Transactions are subject to the approval by the independent Shareholders at the Special General Meeting to be taken by way of a poll. Aryalin, its ultimate beneficial owners and their respective associates (including a director of Aryalin who is interested in 500,000 Shares) will abstain from voting for the relevant resolution at the Special General Meeting due to their interests in the Transactions. To the best knowledge, information and belief of the Directors, other than Aryalin and its associates, no other Shareholder has a material interest in the Transactions and is required to abstain from voting at the Special General Meeting. The Independent Board Committee comprising Mr. Lo Siew Kiong, John, Mr. Fu Yan Yan and Ms. Wang Xi Ling, all being the independent non-executive Directors, will be established to advise the independent Shareholders as to the fairness and reasonableness of the Transactions. Tai Fook Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee in this regard.

A circular containing, among other matters, details of the Transactions, the letter from Tai Fook Capital Limited to the Independent Board Committee and the independent Shareholders, the recommendation of the Independent Board Committee to the independent Shareholders as to the fairness and reasonableness of the Transactions together with the notice of the Special General Meeting will be despatched to the Shareholders within 21 days after the publication of this announcement.

SUSPENSION AND RESUMPTION OF SHARE TRADING

At the request of the Company, trading in the Shares has been suspended from 2:30 p.m. on 30 September 2005 pending the issue of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 6 October 2005.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“Acquisition”	the acquisition by the Group of remaining 45% equity interests in ADT (BVI) from Aryalin pursuant to the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement dated 30 September 2005 and entered into between Aryalin as vendor and the Group as purchaser in relation to the Acquisition
“ADT (BJ)”	北京先進數通信息技術有限公司 (Beijing Advanced Digital Information Technology Company Limited), a wholly-foreign owned enterprise established by ADT (Hong Kong) in the PRC
“ADT (BVI)”	Advanced Digital Technology Company Limited, an investment holding company incorporated in the British Virgin Islands and a non-wholly owned subsidiary of the Company beneficially owned as to 55% by the Group and as to 45% by Aryalin before Completion
“ADT Group”	ADT (BVI), ADT (Hong Kong) and ADT (BJ) immediately before Completion, or ADT (BVI) and ADT (Hong Kong) only immediately after Completion
“ADT (Hong Kong)”	Advanced Digital Technology Company Limited, an investment holding company incorporated in Hong Kong and a wholly owned subsidiary of ADT (BVI)
“Aryalin”	Aryalin Associates Limited, a company incorporated in the British Virgin Islands
“associates”	has the meaning ascribed to this term under the Listing Rules
“Company”	Technology Venture Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Disposal and the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreements
“Directors”	directors of the Company
“Disposal”	the disposal by the Group of the Sale Shares pursuant to the Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement dated 30 September 2005 and entered into between ADT (Hong Kong) as vendor and Prosper Success Investments Limited as purchaser in relation to the Disposal
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the board of Directors comprising Mr. Lo Siew Kiong, John, Mr. Fu Yan Yan and Ms. Wang Xi Ling, all being the independent non-executive Directors, which will be established to advise the independent Shareholders as to the fairness and reasonableness of the Transactions
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Sale and Purchase Agreements”	together the Disposal Agreement and the Acquisition Agreement
“Sale Shares”	the entire registered capital of ADT (BJ)
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company

“Special General Meeting”	the special general meeting of the Company which will be held to consider and approve the Transactions and the transactions contemplated thereunder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the Disposal and the Acquisition contemplated under the Sale and Purchase Agreements
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“RMB”	Renminbi, the lawful currency for the time being of the PRC
“US\$”	United States dollars, the lawful currency for the time being of the United States of America
“%”	per cent.

For the purpose of this announcement, unless otherwise specified, conversions of RMB into HK\$ dollars are based on the approximate exchange rates of RMB1.04 to HK\$1.00.

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

Hong Kong, 5 October 2005

As at the date of this announcement, Mr. Chan Tze Ngon, Mr. Wu Emmy and Mr. Tang Kin Hung are the executive Directors and Mr. Lo Siew Kiong, John, Mr. Fu Yan Yan and Ms. Wang Xi Ling are the independent non-executive Directors.

“Please also refer to the published version of this announcement in International Herald Tribune.”