

The Stock Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



VENTURE INTERNATIONAL INVESTMENT HOLDINGS LIMITED

(宏 昌 國 際 投 資 控 股 有 限 公 司)*

(incorporated in Bermuda with limited liability)

(Stock Code: 61)

MAJOR TRANSACTION: EXTENSION OF THE TIME FOR FULFILMENT OF PROFIT GUARANTEES

On 10 February 2006, the Purchaser, a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendors as vendors and the Guarantor as guarantor in relation to the Acquisition. The Acquisition was approved by the Shareholders at the special general meeting of the Company held on 16 June 2006 and the Sale and Purchase Agreement was completed on 1 August 2006. 117,647,059 Consideration Shares, representing approximately 17.43% of the issued share capital was allotted and issued to the Vendors as part of the aggregate consideration for the Acquisition.

Pursuant to the Sale and Purchase Agreement, the Vendors agreed to provide Profit Guarantees in favour of the Purchaser such that the audited net consolidated profits before tax and any extraordinary or exceptional items of Grand Panorama for the financial years ending 31 December 2006 and 31 December 2007 shall not be less than RMB4,000,000 and RMB6,000,000.

Taking into consideration the recent policy changes in respect of the PRC property market and the imposition of austerity measures by the PRC government to cool off the property market in the PRC, on 17 November 2006, the Purchaser entered into the Supplemental Agreement with the Vendors and the Guarantor pursuant to which the parties to the Supplemental Agreement agreed to extend the time for fulfilment of the Profit Guarantees so that the audited net consolidated profits before tax and any extraordinary or exceptional items of Grand Panorama for the financial years ending 31 December 2007 and 31 December 2008 shall not be less than RMB4,000,000 and RMB6,000,000 respectively.

* For identification purpose only

Except the Extension as set out in the Supplemental Agreement, the Sale and Purchase Agreement shall continue to be in full force and effect and all other rights, obligations and liabilities of the relevant parties under the Sale and Purchase Agreement shall remain enforceable and exercisable.

The Extension constitutes a major transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the approval of the Shareholders other than the Vendors, the Guarantor and their respective associates at the SGM.

A circular containing, among other matters, further details of the Extension and information regarding the Group will be despatched to the Shareholders as soon as practicable in compliance with the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 17 February 2006 and the circular of the Company dated 30 May 2006 in relation to, among other matters, the Acquisition.

The Acquisition constitutes a major transaction on the part of the Company. In compliance with the Listing Rules, the Acquisition was duly approved by Shareholders at the special general meeting of the Company held on 16 June 2006 and the Sale and Purchase Agreement was completed on 1 August 2006.

117,647,059 Consideration Shares, representing approximately 17.43% of the issued share capital were allotted and issued to the Vendors as part of the aggregate consideration for the Acquisition. The allotment and issue of the Consideration Shares was approved by the Shareholders at the special general meeting of the Company on 16 June 2006. The respective shareholdings of the Vendors in the Company are set out in the following table:

Name of Vendors	General description of the Vendors and in cases where the Vendor is a company, the principal business activities carried on by such Vendors	Number of Consideration Shares allotted and issued	Percentage interest of the Consideration Shares to the issued share capital of the Company (%) (approximately)
August Chance Investments Limited	Investment holdings	21,583,506	3.20
Recognition International Limited	Investment holdings	10,452,745	1.55
John S & Sherry H Chen 1994 Family Trust	Trust Fund	5,017,318	0.74
Toh Teng Peow David	Merchant	5,435,427	0.81
Tam Yuk Ching Jenny	Merchant	4,079,396	0.60
Double Assets Investments Limited	Investment holdings	2,723,364	0.40
Profitone Agents Limited	Investment holdings	19,617,260	2.91
Universal Chinese Limited	Investment holdings	26,024,511	3.86
Ever Perform Technology Limited	Investment holdings	11,356,766	1.68
Fabulous On Services Limited	Investment holdings	11,356,766	1.68
Total:		117,647,059	17.43

Since the Vendors are interested in the Extension, they and their respective associates have to abstain from voting at the SGM.

As at the date of this announcement, the existing shareholding structure of the Company is as follows:

Name of Shareholders	Number of Shares	Percentage interest to the issued share capital of the Company (%) (approximately)
Chan Tze Ngon	125,542,000	18.60
The Vendors (public Shareholders)		
August Chance Investments Limited	21,583,506	3.20
Recognition International Limited	10,452,745	1.55
John S & Sherry H Chen 1994 Family Trust	5,017,318	0.74
Toh Teng Peow David	5,435,427	0.81
Tam Yuk Ching Jenny	4,079,396	0.60
Double Assets Investments Limited	2,723,364	0.40
Profitone Agents Limited	19,617,260	2.91
Universal Chinese Limited	26,024,511	3.86
Ever Perform Technology Limited	11,356,766	1.68
Fabulous On Services Limited	11,356,766	1.68
Other public Shareholders	431,809,493	63.97
Total:	<u>674,998,552</u>	<u>100.00</u>

Please also refer to the circular of the Company dated 30 May 2006 for further details of the Acquisition and the Sale and Purchase Agreement.

Pursuant to the Sale and Purchase Agreement, the Vendors agreed to provide Profit Guarantees in favour of the Purchaser such that the audited net consolidated the profits before tax and any extraordinary or exceptional items of Grand Panorama for the financial years ending 31 December 2006 and 31 December 2007 shall not be less than RMB4,000,000 and RMB6,000,000. For further details of the Sale and Purchase Agreement and the Acquisition, please refer to the circular of the Company dated 30 May 2006. The calculation of the audited net consolidated profits before tax and any extraordinary or exceptional items of Grand Panorama shall conform to the Hong Kong Financial Reporting Standards and the Hong Kong Accounting Standards. In the event that should Grand Panorama record a loss in its audited consolidated financial statements, the actual profit for such relevant financial year for the purpose of the Profit Guarantees shall be deemed as zero.

Assumed that the guaranteed profit for the year ending 31 December 2006 were not met and the Extension were not approved by the Shareholders other than the Vendors and the Guarantors and their respective associates at the SGM, the Vendors shall have to pay the Purchaser a maximum of RMB12,000,000 under the Profit Guarantees for the financial year ending 31 December 2006, being three times of the guaranteed profit of Grand Panorama under the Profit Guarantees.

SUPPLEMENTAL AGREEMENT

Date: 17 November 2006

- Parties:**
- (1) Vendors:
 - August Chance Investments Limited
 - Recognition International Limited
 - John S & Sherry H Chen 1994 Family Trust
 - Toh Teng Peow David
 - Tam Yuk Ching Jenny
 - Double Assets Investments Limited
 - Profitone Agents Limited
 - Universal Chinese Limited
 - Ever Perform Technology Limited
 - Fabulous On Services Limited
 - (2) Purchaser:
 - Technology Venture Investments Limited, a wholly-owned subsidiary of the Company
 - (3) Guarantor:
 - Samuel Lin Jr., who guarantees the performance of the Vendors

The Vendors include individual, corporate or institutional investors. The Guarantor is the ultimate beneficial owner of Universal Chinese Limited, one of the Vendors. Save as disclosed, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendors and in the case the Vendor being a corporation, their respective ultimate beneficial owners, are third parties independent of the Company and connected persons of the Company.

The Purchaser is a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands and is principally engaged in investment holdings.

The Extension

Taking into consideration of the unexpected recent policy changes in relation to the PRC property market as mentioned in the section headed "Reasons for the Extension" below, the Purchaser entered into the Supplemental Agreement with the Vendors and the Guarantor pursuant to which the parties to the Supplemental Agreement agreed to extend the time for fulfilment of Profit Guarantees so that the audited net consolidated profits before tax and any extraordinary or exceptional items of Grand Panorama for the financial years ending 31 December 2007 and 31 December 2008 shall not be less than RMB4,000,000 and RMB6,000,000 respectively. The calculation of the audited net consolidated profits before tax and any extraordinary or exceptional items of Grand Panorama for the financial years ending 31 December 2007 and 31 December 2008 shall conform to the Hong Kong Financial Reporting Standards and the Hong Kong Accounting Standards.

The Extension only involves the extension of the time for fulfilment of Profit Guarantees and the aggregate guaranteed profits under the Profit Guarantees remain unchanged. The Extension will not affect the other existing rights, obligations and liabilities of the parties to the Sale and Purchase Agreement respectively. Save for the Extension, there is no other amendments to the existing terms and conditions of the Sale and Purchase Agreement under the Supplemental Agreement.

The Extension constitutes a major transaction on the part of the Company under Chapter 14 of the Listing Rules.

REASONS FOR THE EXTENSION

The Group is engaged in the distribution of information technology products, the provision of computer technology services and the carrying on of property agency business.

With regard to the overheated property market in the PRC, the PRC government has adopted new policy and measures in regulating the property market since June 2006, which is more stringent in terms in comparison with past policy and measures. Various austerity measures have been imposed to cool off the property market in the PRC. For example, any profits arising from the sale of any property within five years from the date of purchase will be subject to the PRC income taxes and except under exceptional circumstances, individuals have to pay at least 30% of the price of the property in order to obtain mortgage loan over the property. The policy changes have direct adverse influence to the business of Grand Panorama, which, at this development stage, concentrates on its property agency business in Shanghai, PRC. Further, the recent personnel change in the local government of Shanghai also has impact in general on the property market in Shanghai. Despite the recent policy changes, the Directors (including the independent non-executive Directors) are of the opinion that in long term, the PRC property market will undergo continuous growth and future prospects and outlook, in that business sector remains to be good.

According to the management accounts of Grand Panorama, the performance of Grand Panorama for the first four months met the expectation of the Company under the Profit Guarantees. However, the performance of Grand Panorama deteriorated since the announcement of the new austerity policy and measures on PRC property market in May 2006. The monthly turnover of Grand Panorama in April 2006 was approximately HK\$1,270,000 and since the announcement of the policy change, the monthly turnover of Grand Panorama decreased to approximately HK\$766,000 in July 2006 and approximately HK\$441,000 in September 2006 respectively. The accumulated loss of Grand Panorama for the first nine months ended 30 September 2006 amounted to approximately HK\$3,775,000.

As evidenced from the management accounts of Grand Panorama, the Directors (including the independent non-executive Directors) are of the view that the policy change is the main cause for the failure in achieving the Profit Guarantees. Based on the management accounts, both the Vendors and the Company consider that the Profit Guarantees are unlikely to be met for the year ending 31 December 2006.

The Board has taken various factors into account before entering into the Supplemental Agreement, in particular but not limited to the recent unexpected policy changes on the PRC property market. The Directors are of the view that under such unexpected circumstances, it is unreasonable and unjustifiable to force the staff of Grand Panorama to achieve the Profit Guarantees within this year.

In addition, the Board considers that taking into account of the time and costs involved, it is not in the interests of the Company and its Shareholders to initiate any legal actions and proceedings to recover the Profit Guarantees against the Vendors at this moment, as the Company may not necessarily succeed in such actions and proceedings given the unforeseeable policy changes.

For comity between the Company and the Vendors, the Supplemental Agreement was entered into among the relevant parties after arm's length negotiations. As the total guaranteed profits remain the same and the Extension will not discharge the obligations of the Vendors under the Sale and Purchase Agreement, the Directors are of the view that there will not be any significant adverse effects, if any, caused by the Extension.

The Directors (including the independent non-executive Directors) have considered the possible adverse effects on the Company and the Shareholders as a result of the Extension, including but not limited to any effects caused by the deferral in achieving the guaranteed profits under the Profit Guarantees. The Board (including the independent non-executive Directors) considers that the terms and conditions of the Supplemental Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Except the Extension as set out in the Supplemental Agreement, the Sale and Purchase Agreement shall continue to be in full force and effect and all other rights, obligations and liabilities of the relevant parties under the Sale and Purchase Agreement shall remain enforceable and exercisable.

LISTING RULES IMPLICATION

The Extension constitutes a major transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the approval of the Shareholders other than the Vendors, the Guarantors and their respective associates at the SGM.

A circular containing, among other matters, further details of the Extension, the SGM and information regarding the Group will be despatched to the Shareholders as soon as practicable and in accordance with the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition by the Purchaser of the Sale Shares, subject to and upon the terms and conditions of the Sale and Purchase Agreement
“associates”	has the same meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors from time to time
“Company”	Venture International Investment 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
“Consideration Shares”	the 117,647,059 Shares allotted and issued to the Vendors in accordance with the terms and conditions of the Sale and Purchase Agreement
“Directors”	directors of the Company from time to time
“Extension”	the extension of the time for fulfillment of the Profit Guarantees subject to and upon the terms of the Supplemental Agreement
“Grand Panorama”	Grand Panorama Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company on completion of the Acquisition
“Group”	the Company and its subsidiaries
“Guarantor”	Mr Samuel Lin Jr., the guarantor to the performance of the Vendors under the Sale and Purchase Agreement and the Supplemental Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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, unless the context requires otherwise, excludes Hong Kong and the Macau Special Administrative Region
“Profit Guarantees”	the profit guarantees provided by the Vendors under the Sale and Purchase Agreement with or without the Extension provided under the Supplemental Agreement
“Purchaser”	Technology Venture Investments Limited, the purchaser to the Sale and Purchase Agreement and a wholly owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 10 February 2006 (including any amendments thereto) and entered into among the Purchaser, the Vendors and the Guarantor for the sale and purchase of the Sale Shares
“Sale Shares”	10,411 shares of US\$1.00 each in the issued share capital of Grand Panorama, representing the entire issued share capital of Grand Panorama
“SGM”	the special general meeting of the Company to be held and convened for the Shareholders other than the Vendors and the Guarantors and their respective associates to consider and, if thought fit, approve the Supplemental Agreement and the transactions contemplated thereunder, including but not limited to the Extension
“Shareholders”	holders of Shares
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement to the Sale and Purchase Agreement dated 17 November 2006 and entered into among the Purchaser, the Vendors and the Guarantor for the Extension
“Vendors”	the vendors to the Sale and Purchase Agreement, comprising August Chance Investments Limited, Recognition International Limited, John S & Sherry H Chan 1994 Family Trust, Double Assets Investments Limited, Profitone Agents Limited, Universal Chinese Limited, Ever Perform Technology Limited and Fabulous On Services Limited
“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
“%”	per cent.

By order of the Board
Venture International Investment Holdings Limited
Chan Tze Ngon
Chairman

Hong Kong, 29 November 2006

The executive Directors as at the date of this announcement are Mr. Chan Tze Ngon and Mr. Tang Kin Hung. The independent non-executive Directors as at the date of this announcement are Mr. Benedict Tai, Mr. Fu Yan Yan and Ms. Wang Xi Ling.

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