



TECHNOLOGY VENTURE HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Website: <http://www.tvh.com.hk>

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2000

RESULTS

The directors (the "Directors") of Technology Venture Holdings Limited (the "Company") announce the audited results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2000 together with comparative figures for the corresponding period in 1999 as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	2000 HK\$ '000	1999 HK\$ '000
TURNOVER	1	417,247	350,298
Cost of sales		(316,198)	(248,118)
Gross profit		101,049	102,180
Other revenue		8,839	4,432
Selling and distribution expenses		(20,449)	(17,564)
Administrative expenses		(62,759)	(42,084)
Other operating expenses		(5,427)	(3,123)
PROFIT FROM OPERATING ACTIVITIES		21,253	43,841
Finance costs		(541)	(1,436)
PROFIT BEFORE TAX		20,712	42,405
Tax	2	(871)	(6,205)
PROFIT BEFORE MINORITY INTERESTS		19,841	36,200
Minority interests		(1,628)	(1,922)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		18,213	34,278
Dividends		(6,640)	(12,936)
RETAINED PROFIT FOR THE YEAR		11,573	21,342
EARNINGS PER SHARE	3		
Basic		HK\$0.06	HK\$0.14
Diluted		HK\$0.05	N/A

Notes:

1. Turnover

Turnover represents the net invoiced value of goods sold, after allowance for returns and trade discounts and services rendered. All significant intra-Group transactions have been eliminated on consolidation.

2. Taxation

Year ended 31 December
2000 1999

	HK\$ '000	HK\$ '000
Hong Kong	472	433
Elsewhere	999	5,580
Rebate relating to prior year	-	(133)
Deferred	(600)	325
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	871	6,205
	=====	=====

Hong Kong profits tax has been provided at the rate of 16% (1999: 16%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

3. Earnings per share

The calculation of the basic earnings per share for the year ended 31 December 2000 is based on the net profit attributable to shareholders of approximately HK\$18,213,000 and on the weighted average of 330,180,328 shares in issue during the year.

The calculation of the basic earnings per share for the year ended 31 December 1999 is based on the net profit attributable to shareholders of HK\$34,278,000 and on the weighted average of 245,095,890 shares that would have been in issue throughout the year as if the Company had been the holding company of the Group since the beginning of the year.

The calculation of diluted earnings per share for the year ended 31 December 2000 is based on the net profit attributable to shareholders of approximately HK\$18,213,000 and the weighted average of 331,780,035 shares in issue during the year. Included in the weighted average number of shares used in calculating the diluted earnings per share is the weighted average of 1,599,707 shares, which are deemed to be issued at no consideration if all outstanding share options have been exercised.

Diluted earnings per share is not presented for the year ended 31 December 1999 as there was no dilutive effect.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of 0.5 Hong Kong cent (1999: 2.8 Hong Kong cents) per share for the year, payable on or before Wednesday, 6 June 2001 in cash to shareholders whose names appear on the register of members of the Company on Wednesday, 30 May 2001.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 24 May 2001 to Wednesday, 30 May 2001 (both days inclusive) and during which period no transfer of shares will be effected.

In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates should be lodged with the Company's Hong Kong branch registrar, Tengis Limited, 4th Floor, Hutchison House, 10 Harcourt Road, Hong Kong not later than 4:00 p.m. on Wednesday, 23 May 2001.

REVIEW AND PROSPECTS

The year 2000 was a difficult period for the information technology ("IT") industry. Not only did we experience a slow-down in the industry in general, but the 'dotcom' phenomenon which arrived and departed so abruptly has also caused confusion among many people both within and outside the industry. Last year, when the 'dotcoms' were at their apex of their development, the public suddenly developed a new perspective on as well as considerable interest in the IT industry while many industry participants, including us, shifted part of their focus and resources to capture the new business opportunities expected to present themselves with the 'e'-era. Now, with the 'dotcom' phenomenon behind us, many people have veered to the other extreme and are, in our opinion, overly cautious about the industry; and many industry participants are, again in our opinion, overly pessimistic about the future of e-business development.

As a participant in the IT industry, we are not insulated from the global slow-down in the development of e-business and our software development operations have inevitably been affected. Although the division has experienced some difficulties over the past year, we believe the experience acquired and lessons learned in the process have enabled the team to refocus and position themselves better in the market. We maintain full confidence in our team. We also believe the industry adjustments seen last year were a healthy sign and will ultimately help the New Economy build a more sturdy and lasting platform for the continued development of e-business which we believe is here to stay.

The Group's mainframe systems-integration ("SI") operations have also experienced a slow-down in growth rate after years of robust growth. We believe this is an industry phenomenon. To achieve a healthy and steady growth for this operation in the future, investments and all-out efforts have been and are being made to enhance the service and applications development elements within our projects. In addition, we have successfully expanded our industry coverage and product offerings through our new member, Advanced Digital Technology ("ADT").

Performance of our peripherals SI operations was encouraging. The team maintains a clear and focused objective of becoming a leading automatic teller machine ("ATM") systems integrator in China. In 2000, we have made considerable grounds in the ATM market by, for the first time, becoming one of the top five NCR ATM integrators in China. As we gain increased market share in the ATM market, we foresee continued pressure on our pricing strategy, which will in turn lead to lower margins. The team intends to make up this anticipated lowering in margins by, on the one hand, obtaining additional discounts from vendors as the volume of business grows and, on the other, by expanding the ATM services operations which command higher margins. In short, our increasing market share and the considerable growth of this business line are likely to continue throughout 2001.

In September last year, the Company completed the acquisition of a 55% interest in ADT for a total consideration of HK\$68.2 million of which HK\$31.45 million is payable upon ADT meeting of the profit guarantee in respect of the acquisition. ADT is a company engaged in the provision of SI, software development, engineering, maintenance and professional outsourcing services, customized for banking and finance, telecommunications, and public sector clients. Through this acquisition, we have combined the technology focus, marketing networks and IT talent of the Group's existing mainframe SI team with those of ADT. This acquisition also makes the Group the owner and operator of one of the largest and most experienced banking and finance SI teams in China.

We also entered into an agreement in November last year to acquire a 51% stake in DMX Technologies (Hong Kong) Limited (formerly Skynet Consultants Company Limited) ("DMX Technologies"), a systems integrator specializing in Internet Protocol "IP" networking, Internet security and Web-based television solutions in Hong Kong, China and certain other countries in Asia. DMX Technologies' IP network infrastructure skills have given the Group fast-track re-entry to the data communications business as we promised our shareholders at the beginning of last year. We believe that the addition of DMX Technologies will not only benefit the Group financially through its profit contribution but will also contribute added value through its industry insights and knowledge. The consideration for this acquisition totalled HK\$140 million (subject to adjustments).

The year 2000 was not without difficulty for the Company. We ended the year with a total turnover of approximately HK\$417,247,000, an increase of approximately 19% from 1999, and a profit attributable to shareholders of approximately HK\$18,213,000, a decrease of approximately 47% from 1999. 2001 is a year of focus and consolidation for the Company. We have been critically re-examining our position and competitiveness in various business sectors in order to fine-tune our business strategies for and to re-allocate our resources among our operating units. Another major task for us this year is to consolidate the ADT and DMX Technologies teams into the Group and to create as much synergy among the various business divisions as possible. One of the steps we have taken in this direction was the establishment of an intra-divisional corporate development team comprised of members from each business division to be responsible for formulating corporate business strategies and direction for the Group.

We are pleased to report that ChinaCast Technology ("CCT"), in which the Company holds a 19.9% interest, in September 2000 received total investments of US\$28.6 million from Hughes Network Systems, Intel Capital and SUNeVision (HKGEM: 8008). CCT is committed to the ongoing evolution of Internet and broadband services in China, and has supported the launch of Turbo163, the first nationwide satellite-based broadband service in the country. This pioneering broadband service was inaugurated in Beijing in January 2001.

We are also proud to announce that the Company was named one of the world's best 300 SMEs for 2001 by FORBES GLOBAL, as selected from 20,000 enterprises by polling money managers, securities analysts and entrepreneurs around the world.

LIQUIDITY AND FINANCIAL RESOURCES

Net assets

As at 31 December 2000, the Group recorded total assets of approximately HK\$473,285,000 which were financed by liabilities of approximately HK\$131,703,000 and equity of approximately HK\$337,042,000. The Group's net asset value as at 31 December 2000 increased by approximately 179% to approximately HK\$337,042,000 as compared to approximately HK\$120,607,000 as at 31 December 1999.

Liquidity

The Group had total cash and bank balances of approximately HK\$146,454,000 as at 31 December 2000 (1999: approximately HK\$54,080,000). After deducting bank loans and overdrafts of approximately HK\$12,498,000 (1999: approximately HK\$21,673,000), the Group recorded a net cash balance of approximately HK\$133,956,000 as compared to that of approximately HK\$32,407,000 as at 31 December 1999. As at 31 December 2000, the Group had both improved the working capital as to the current ratio of 2.91 (1999:1.65) and as to the bank and other borrowings to equity ratio of 0.04 (1999:0.19) with equity being defined as the total of capital and reserves.

Charges on assets

At 31 December 2000, fixed deposits of approximately HK\$15,885,000 were pledged to banks to secure banking facilities granted.

Treasury policies

The Group generally finances its operations with internally generated resources and banking and credit facilities provided by banks in Hong Kong. Borrowing methods used by the Group mainly include trust receipt loans and overdrafts facilities. The interest rates of most of these are fixed by reference to the Hong Kong Dollar Prime Rate. Both bank deposits and borrowings are mainly in Hong Kong dollars and United States dollars ("US dollars").

Contingent liabilities

At 31 December 2000 the Company had contingent liabilities in relation to guarantees given to banks in connection with facilities granted to certain subsidiaries amounting to approximately HK\$12.5 million and guarantees in respect of performance bonds in favour of contract customers amounted to approximately HK\$0.1 million..

Foreign Exchange Exposure

The Group mainly earns revenue and incurs costs in US dollars and Hong Kong dollars. Foreign exchange exposure of the Group is minimal as long as the Hong Kong Government's policy to link the Hong Kong dollars to the US dollars remains in effect.

APPLICATION OF PROCEEDS

The Company raised net proceeds of approximately HK\$72 million through a placing and new issue in June 1999 (the "placing and new issue"). Further to the announcement of the Company dated 9 September 2000, the Group has used approximately HK\$4 million for the purposes of research and development in IT business; approximately HK\$800,000 for the development of the Group's own application software products; and approximately HK\$10 million for the development of data communications business after 30 June 2000. As at the date of this announcement, the Group has utilised a total of approximately HK\$72 million of the net proceeds raised through the placing and new issue.

In January 2000, the Company received net proceeds of approximately HK\$116 million through another placement to institutional and professional investors (the "second placement"). Further to the announcement of the Company dated 9 September 2000, the Group has used HK\$41 million for the expansion of internet business. As at the date of this announcement, the Group has utilised a total of approximately HK\$116 million of the net proceeds raised through the second placement.

In September 2000, the Company received net proceeds of approximately HK\$108 million through a further placement to institutional and professional investors (the "third placement"). As at the date of this announcement,

the Group has utilised approximately HK\$40 million for expansion of the SI business in China; approximately HK\$4 million for the expansion of the software training business; and approximately HK\$58 million as working capital of the Group.

The remaining proceeds of the third placement are now placed on short term deposits with banks.

PURCHASE, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the year ended 31 December 2000.

CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the year ended 31 December 2000 in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except that the independent non-executive Directors do not have specific terms of appointment but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's bye-laws. In the opinion of the Directors, this meets the same objective as the Code of Best Practice.

To comply with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules, the Company set up an audit committee (the "Committee") on 12 June 1999 with written terms of reference for the purpose of reviewing and providing supervision on the financial reporting process and internal control of the Group. The Committee comprises the two independent non-executive Directors of the Company.

PUBLICATION OF ANNUAL RESULTS ON THE INTERNET WEBSITE OF THE STOCK EXCHANGE

A results announcement containing the information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange in due course.

By order of the Board
Chan Tze Ngon, Ron
Chairman

Hong Kong, 25 April 2001