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If you have sold or transferred all your shares in Technology Venture Holdings Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

DISCLOSEABLE AND SHARE TRANSACTION

**ACQUISITION OF SHAREHOLDINGS IN
ACACIA ASIA PARTNERS LIMITED**

A letter from the board of directors of the Company is set out on pages 4 to 12 of this circular.

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DEFINITIONS

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

“Acacia Asia”	Acacia Asia Partners Limited, a company incorporated in the British Virgin Islands
“Acquisition”	the acquisition by the Purchaser of the Sale Share and Sale Loan subject to and upon the terms and conditions of the Sale and Purchase Agreement
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Technology Venture Holdings Limited, a company incorporated in Bermuda and the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Share and the Sale Loan in accordance with the terms and conditions of the Sale and Purchase Agreement
“Consideration Shares”	54,621,849 new Shares to be allotted and issued to the Vendor in accordance with the terms of the Sale and Purchase Agreement
“Deposit”	the sum of HK\$500,000 paid by the Purchaser to the Vendor upon signing of the Sale and Purchase Agreement
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 30 May 2005, whereby a maximum of 100,545,928 new Shares may fall to be allotted and issued as at the Latest Practicable Date

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Price”	the price of HK\$0.119 per Consideration Share, being the average of the closing prices of HK\$0.119 per Share quoted on the stock Exchange for the last five consecutive trading days up to and including 18 August 2005, being the last trading day immediately prior to the date of the Sale and Purchase Agreement
“Latest Practicable Date”	13 September 2005, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“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 circular shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“Profit Guarantees”	the profit guarantee provided by the Vendor under the Sale and Purchase Agreement in respect of the audited net consolidated profits before tax and any extraordinary or exceptional items of Acacia Asia for the financial year ending 31 December 2005 and 31 December 2006 will not be less than HK\$250,000 and HK\$1,400,000 respectively
“Purchaser”	Technology Venture Investments Limited, purchaser to the Sale and Purchase Agreement, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 19 August 2005 and entered into between the Vendor and the Purchaser for the sale and purchase of the Sale Share and the Sale Loan
“Sale Share”	one share of US\$1.00 in the share capital of Acacia Asia
“Sale Loan”	all obligations, liabilities and debts owing or incurred by Acacia Asia to the Vendor on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Li Yiu Wai, vendor to the Sale and Purchase Agreement
“HK\$”	Hong Kong dollars, the lawful currency for the time being in Hong Kong
“RMB”	Renminbi , the lawful currency for the time being in the PRC
“US\$”	United States dollars, the lawful currency for the time being in the United States
“%”	per cent.

LETTER FROM THE BOARD



TECHNOLOGY VENTURE HOLDINGS LIMITED

(宏昌科技集團有限公司) *

(incorporated in Bermuda with limited liability)

(Stock Code 61)

Executive Directors:

Mr. Chan Tze Ngon (*Chairman*)
Mr. Wu Emmy (*Deputy chairman*)
Mr. Tang Kin Hung

Independent non-executive Directors:

Mr. Lo Siew Kiong, John, O.B.E., J.P.
Mr. Fu Yan Yan
Ms. Wang Xi Ling

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of
business in Hong Kong:*

Room 3101
31st Floor
118 Connaught Road West
Hong Kong

17 September 2005

To the shareholders of the Company

Dear Sir or Madam,

DISCLOSEABLE AND SHARE TRANSACTION

ACQUISITION OF SHAREHOLDINGS IN ACACIA ASIA PARTNERS LIMITED

INTRODUCTION

On 29 August 2005, the Directors announced that on 19 August 2005, the Purchaser had entered into the Sale and Purchase Agreement with the Vendor whereby the Purchaser agreed to acquire the Sale Share and the Sale Loan from the Vendor for an aggregate consideration of HK\$13,000,000.

The purpose of this circular is to provide you with further details regarding the Acquisition in accordance with the Listing Rules.

* for identification purpose only

LETTER FROM THE BOARD

THE SALE AND PURCHASE AGREEMENT

Date: 19 August 2005

Parties: (1) Vendor: Li Yiu Wai

(2) Purchaser: Technology Venture Investments Limited

The Vendor is a merchant. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is a third party independent of and not connected with the Company and its directors, chief executive or substantial Shareholder or any of its subsidiaries or associates of any of them.

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

Asset acquired:

Pursuant to the Sale and Purchase Agreement, the Purchaser has agreed to acquire from the Vendor:

The Sale Share

one share of US\$1.00 in the share capital of Acacia Asia, representing 100% of the entire issued share capital of Acacia Asia.

The Sale Loan

all obligations, liabilities and debts owing or incurred by Acacia Asia to the Vendor on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion.

Consideration:

The aggregate consideration for the Acquisition is HK\$13,000,000, of which:

- (a) approximately HK\$228,176 (RMB237,988, being the face value of the Sale Loan) represents consideration for the sale and purchase of the Sale Loan; and
- (b) the approximate balance of HK\$12,771,824 represents consideration for the sale and purchase of the Sale Share.

LETTER FROM THE BOARD

The consideration for the Acquisition shall be satisfied by the Purchaser in the following manner:

- (a) the Deposit amounting to HK\$500,000 has been paid by the Purchaser to the Vendor on 19 August 2005, the date of signing of the Sale and Purchase Agreement;
- (b) HK\$6,000,000 shall be payable by the Purchaser to the Vendor one month after the signing of the Sale and Purchase Agreement; and
- (c) HK\$6,500,000 shall be satisfied by the Purchaser procuring the Company to allot and issue the Consideration Shares to the Vendor credited as fully paid, at the Issue Price.

Based on the closing price of HK\$0.12 per Share as quoted on the Stock Exchange on 18 August 2005, being the last trading day before the date of the Sale and Purchase Agreement, the market capitalisation of the Consideration Shares will amount to HK\$6,554,622. Based on the closing price of HK\$0.112 per Share as quoted on the Stock Exchange on the Latest Practicable Date, the market capitalisation of the Consideration Shares will amount to HK\$6,117,647.

The Deposit and the part consideration of respectively HK\$500,000 and HK\$6,000,000 payable by the Purchaser to the Vendor shall be in RMB by telegraphic transfer to the Vendor on the relevant due dates at an exchange rate available at the time of transfer to an account nominated by the Vendor (or as he may direct) and will be satisfied by internal resources of the Group. As at the Latest Practicable Date, the second payment of HK\$6,000,000 has yet been paid but it will be paid in accordance with the terms of the Sale and Purchase Agreement. The Deposit is fully refundable without interest in the event the Completion does not take place. In relation to the second payment of HK\$6,000,000, apart from the rights conferred to the Vendor under the common law, the Sale and Purchase Agreement does not contain provisions for compensating the Vendor in the event the Purchaser fails to pay as agreed.

The Purchaser may, at its sole discretion, elect to satisfy the whole or any part of the balance payment of HK\$6,500,000 by cash in RMB by telegraphic transfer to the Vendor on the due date of payment of such consideration to an account nominated by the Vendor (or as he may direct).

The aggregate consideration of HK\$13,000,000 comprises approximately HK\$228,176 for the Sale Loan (RMB237,988, the face value of the Sale Loan) and approximately HK\$12,771,824 for the Sale Share. The face value of RMB237,988 of the Sale Loan represents a shareholder's loan provided by the Vendor to Acacia Asia as shown in the unaudited consolidated accounts of Acacia Asia as at 31 July 2005 which is interest free and only repayable on demand by the Vendor.

The aggregate consideration of HK\$13,000,000 for the Acquisition was arrived at based on a P/E ratio of 7.88 which in turn based on the Profit Guarantees and the prospect of Acacia Asia's business. The P/E ratio was calculated by dividing the aggregate

LETTER FROM THE BOARD

consideration for the Acquisition by the Profit Guarantees covering the period from the long stop date of 30 September 2005 to 31 December 2006, assuming the Completion will take place on the long stop date. In the event the Profit Guarantees are unachieved, the Vendor will be obligated to pay to the Purchaser the difference between the actual audited profit for the relevant financial year and the guaranteed profit for the same year multiplied by 7.88 of the P/E ratio and the period of guarantee to which the Profit Guarantees applied over the whole of the financial year ended 31 December 2005 and 2006 which in the case of financial year 2005 and 2006 would be three months and twelve months respectively. The Profit Guarantees guarantee the audited net consolidated profits before tax and any extraordinary or exceptional items of Acacia Asia for the financial year ending 31 December 2005 and 31 December 2006 will not be less than HK\$250,000 and HK\$1,400,000 respectively.

The Profit Guarantees are provided by the Vendor who is confident in the operation of his business in achieving the targets. The figures disclosed under the heading "INFORMATION ON ACACIA ASIA" below comprise operation results of Acacia Asia in the early stage since its incorporation. The unaudited revenue and net profits earned by Acacia Asia for the period ended 31 July 2005 and one month ended 31 August 2005 are as follows:

	For the period from 21 May 2004 to 31 July 2005 RMB <i>Approximately</i>	For the one month ended 31 August 2005 RMB <i>Approximately</i>
Turnover	1,123,500	185,150
Net profit before taxation	137,819	26,836
Net profit after taxation	126,128	22,455

Acacia Asia had only commenced its business since 1 January 2005. As such, there had been no revenue generated or expense incurred in 2004. The figures as disclosed demonstrate that they are growing and are more than sufficient to sustain its operation. In addition, both the Vendor and the Directors view that the market for web-based application in Shanghai is in a premature phase.

According to a market research on PRC real estate portals conducted in 2005 by Shanghai iResearch Co., Ltd. an independent Shanghai market researcher, there is a need for the provision of alternative means in searching for real estate information in the PRC and property portal is one of the methods that receive positive response but being under utilised and developed. The research also shows that among the seven regions in the PRC being surveyed, eastern PRC is the region that uses Internet more often in seeking for real estate information. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the said independent Shanghai market researcher is a third party independent of and not connected with the Company and its directors, chief executive or substantial Shareholder or any of its subsidiaries or associates of any of them.

LETTER FROM THE BOARD

Both the Vendor and the Directors also view that the major competitions that Acacia Asia will likely be facing are computer systems for internal user provided by traditional software development house and system integration service provider which requires lead time to develop and customise. However, what Acacia Asia offers is that of a web-based platform for the property agencies initially and ultimately for the public encompassing data management and advertising functions. Both the Vendor and the Directors believe that Acacia Asia will face minimal direct competition in the existing market.

Acacia Asia has already secured a service contract with a reputable growing property agency in Shanghai and that as disclosed in the announcement of the Company published on 29 August 2005, the separate service contract which Acacia Asia expected to secure by the end of August with another property agency in Shanghai has also been concluded. Both of these service contracts will bring into Acacia Asia a steady stream of income in the long run. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the said property agencies are third parties independent of and not connected with the Company and its directors, chief executive or substantial Shareholder or any of its subsidiaries or associates of any of them.

The consideration for the Acquisition was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement. The Directors (including the independent non-executive Directors) consider the terms and conditions of the Acquisition to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

The Consideration Shares

The Issue Price represents:

- (a) a discount of approximately 0.83% to the closing price of HK\$0.12 per Share as quoted on the Stock Exchange on 18 August 2005, being the last trading day before the date of the Sale and Purchase Agreement;
- (b) the average of the closing prices of HK\$0.119 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 18 August 2005, being the last trading day before the date of the Sale and Purchase Agreement;
- (c) a discount of approximately 55.27% to the net tangible asset value of approximately HK\$0.266 per Share based on the Group's net tangible assets as at 31 December 2004 of approximately HK\$133,757,000 (as shown in the Group's audited consolidated financial statements made up to 31 December 2004);
- (d) a premium of approximately 6.25% over the closing price of HK\$0.112 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (e) a premium of approximately 6.25% over the average closing prices of HK\$0.112 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Latest Practicable Date.

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The Issue Price was arrived at after arm's length negotiation between the Group and the Vendor. The Directors (including the independent non-executive Directors) consider that the Issue Price is fair and reasonable and in the interests of the Shareholders as a whole.

The Consideration Shares will be allotted and issued under the General Mandate which authorises the Directors to issue Shares not exceeding 20% of the aggregate nominal amount of the Shares in issue as at the date of passing of the resolution approving the General Mandate, on which date the total number of Shares in issue was 502,729,644.

The 54,621,849 Consideration Shares to be allotted and issued represent approximately 10.87% of the existing issued share capital of the Company and approximately 9.80% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects with each other and with the Shares in issue on the date of allotment and issue of the Consideration Shares.

The aggregate consideration for the Acquisition represents approximately 9.9 times the net tangible assets of Acacia Asia. Nonetheless, the Directors consider that the net tangible asset may not be a representative investment benchmark for Acacia Asia as the services provided by it does not rely heavily on tangible assets.

Condition

The Acquisition is conditional upon the satisfaction of the following:

- (a) the Purchaser being satisfied with the results of the due diligence review in particular the review of the assets, liabilities, operations and affairs of Acacia Asia and its subsidiaries as the Purchaser may reasonably consider appropriate to see if there is any hidden items or terms of contracts affecting or prohibiting the Acquisition;
- (b) the warranties in respect of the operation of Acacia Asia provided by the Vendor under the Sale and Purchase Agreement remaining true and accurate in all respects;
- (c) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Consideration Shares; and
- (d) if necessary, the Bermuda Monetary Authority granting consent to the allotment and issue of the Consideration Shares.

The Purchaser may at any time waive in writing any of the conditions set out above. If the conditions are not fulfilled (or as the case may be, waived by the Purchaser) on or before 4:00 p.m. on 30 September 2005 (or such later date as the parties may agree), the

LETTER FROM THE BOARD

Sale and Purchase Agreement shall cease and determine and the Vendor shall within 7 days from the date of cessation and termination of the Sale and Purchase Agreement refund the Deposit paid by the Purchaser without interest.

As at the Latest Practicable Date, the Purchaser is not intended to waive any of the above conditions.

Application has been made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Completion

Completion is expected to take place on the second Business Day after the fulfillment (or waiver) of the conditions (or such later date as the parties may agree) mentioned above.

Upon Completion, Acacia Asia will become an indirect wholly owned subsidiary of the Company and the financial results of Acacia Asia will be consolidated with the Group. Subject to the change in the actual total amount of assets and liabilities of Acacia Asia as at the date of the financial year end of the Group, the Group's total assets will immediately be increased by the consolidation of the unaudited total assets of approximately HK\$959,211 (RMB997,579) of Acacia Asia as at 31 August 2005 less the total outlay of cash of HK\$6,500,000 in the event the final payment is made by Consideration Shares or HK\$13,000,000 if Directors elect to settle the final payment by cash instead of the Consideration Shares. The Group's total liabilities will immediately be increased by approximately HK\$816,334 (RMB848,988), being the unaudited total liabilities of Acacia Asia as at 31 August 2005.

The Group will also account for a goodwill of approximately HK\$12,857,124 which is arrived at by subtracting the unaudited net assets of Acacia Asia of approximately HK\$142,876 (RMB148,591) as at 31 August 2005 from the aggregate consideration of HK\$13,000,000 as a result of the Acquisition. In accordance with the current accounting policy of the Group, the goodwill will be subject to an annual impairment review (or more frequently if events or changes in circumstances indicate that the carrying value may be impaired). Any impairment loss recognised for goodwill is not reversed in subsequent periods. In view of the Profit Guarantees and the prospect of the business of Acacia Asia which is further elaborated under the heading "REASONS FOR THE ACQUISITION", the Directors consider that the recognition of such a goodwill is acceptable. Whether or not to recognise an impairment of goodwill will be subject to its review in accordance with the Group's accounting policy. Depending on the method of the final payment, the issued share capital of the Company may be increased by HK\$5,462,185. The Directors believe that there will not be any material impact on the net tangible assets of the Group as a whole despite the goodwill arising from the Acquisition of approximately HK\$12,857,124.

Subject to the change in the actual earnings of Acacia Asia by the end of the Group's financial year, the consolidated turnover of the Group will immediately be increased by approximately HK\$1,258,317 (RMB1,308,650), being the approximate unaudited aggregate

LETTER FROM THE BOARD

turnover of Acacia Asia for the eight months ended 31 August 2005. The consolidated net profit before and after taxation of the Group will also immediately be increased by approximately HK\$158,321 (RMB164,655) and HK\$142,868 (RMB148,583), being respectively the approximate unaudited aggregate net profit before and after taxation of Acacia Asia for the eight months ended 31 August 2005.

INFORMATION ON VENDOR

The Vendor is a merchant. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is a third party independent of and not connected with the Company and its directors, chief executive or substantial Shareholder or any of its subsidiaries or associates of any of them. Neither the Vendor nor his associates has in the past held or currently hold any Shares. The Vendor will remain as a director of Acacia Asia after Completion.

INFORMATION ON ACACIA ASIA

Acacia Asia is a company incorporated in the British Virgin Islands with limited liability which together with its subsidiary are engaged principally in investment holdings and the provision of IT management, online and support services as well as Internet portal and data management service to property agencies in the PRC.

Acacia Asia focuses on small to medium size property agencies that are either illiterate to information technology or do not have the resources to maintain an information technology team that helps to develop proprietary software for data management for their business. Acacia Asia is dedicated to provide web-based platforms to those property agencies in accessing key information in respect of the property market and potential investors in the PRC. In its early stage of business, Acacia Asia concentrates on market in Shanghai.

As disclosed in the unaudited consolidated financial statements of Acacia Asia, the unaudited turnover, net profit before taxation and net profit after taxation for the period from 21 May 2004 (date of incorporation) to 31 July 2005 and one month ended 31 August 2005 were approximately as follows:

	For the period from 21 May 2004 to 31 July 2005 RMB <i>Approximately</i>	For the one month ended 31 August 2005 RMB <i>Approximately</i>
Turnover	1,123,500	185,150
Net profit before taxation	137,819	26,836
Net profit after taxation	126,128	22,455

The unaudited consolidated total assets and net assets of Acacia Asia as at 31 July 2005 and 31 August 2005 were approximately RMB1,361,496 and RMB126,136 and RMB997,579 and RMB148,591 respectively.

LETTER FROM THE BOARD

Acacia Asia had only commenced its business since 1 January 2005. As such, there had been no revenue generated or expense incurred in 2004.

The unaudited turnover of approximately RMB185,150 for the one month ended 31 August 2005 represents a 15.36% increase over the unaudited average turnover of approximately RMB160,500 for the first seven months of the 2005 financial year. The unaudited net profit before and after taxation of approximately RMB26,836 and RMB22,455 respectively represent a 36.30% and 24.62% increase over the unaudited average net profit before and after taxation of approximately RMB19,688 and RMB18,018 for the first seven months of the 2005 financial year. These results show that Acacia Asia's business is on its upward trend.

REASONS FOR 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.

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

The PRC had a long history of being a centrally planned economy. In the past 25 years, the PRC government has put in place economic reforms for transforming the country's planned economy to one of market-oriented economy with socialist characteristics resulting in significant economic growth and social progress. Since the PRC's accession to the World Trade Organisation in late 2001 and the influx and increasing use of advanced technologies in the modern ages, the PRC economy heralded another wave of economic progression and the Directors believe that there are great potentials in many of the business sectors, including the information technology sector.

The Directors have always been proactive in seeking opportunities for enlargement of the scope of business of the Group. As the general public places more emphasis and reliance on information technology system, the Directors consider that the business of Acacia Asia in constructing and developing web-based software to provide an interface for property agents in managing its customers' data is a new prospect for the Group. The Company has in fact sent its employees to Acacia Asia and observed the business of it.

The Directors believe that one of the keys to success in the business of a property agency is the ability to manage and utilise information on the property market as well as the potential investor effectively and efficiently and that there is a niche in providing data management services to property agencies that are illiterate to information technology or do not have the resources to maintain their own information technology team in the PRC. The Directors therefore wish to expand the Group's businesses and enhance its services by tapping into a new market in the PRC at an early stage.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company did not have definite business plans in the development of Acacia Asia. However, the aim is to provide products such as client data base management system at the initial stage and evolving from there, a web-based system and comprehensive data base portal to the property agencies and public in the future.

In view of the Profit Guarantees and the recourse entails in the event the Profit Guarantees are unachieved as stated above, the minimal competition that Acacia Asia will be facing, the steady stream of income that will be produced and the potential in the provision of information technology services to the property agencies in the PRC, the Directors believe that the P/E ratio of 7.88 is reasonable and it is an appropriate time to invest and extend the Company's scope of business in information technology in the PRC. The Directors (including the independent non-executive Directors) consider that the Acquisition is fair and reasonable and in the interests of the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Name of Shareholders	As at the date of this announcement		Assuming Completion and allotment of Consideration Shares	
	Shares	Approximate %	Shares	Approximate %
Chan Tze Ngon	125,542,000	24.97	125,542,000	22.52
The Vendor	0	0	54,621,849	9.80
Public	377,187,644	75.03	377,187,644	67.68
Total	<u>502,729,644</u>	<u>100.00</u>	<u>557,351,493</u>	<u>100.00</u>

Upon the Completion, there will not be a change of control of the Company.

LISTING RULES IMPLICATION

The Acquisition constitutes a discloseable transaction on the part of the Company under Rule 14.06 of the Listing Rules. Although the Acquisition may involve the allotment and issue of Shares to satisfy part of the consideration, the Consideration Shares, if issued and allotted, will be allotted and issued under the General Mandate. The Acquisition is only subject to reporting requirement but exempted from obtaining Shareholders' approval under the Listing Rules.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully
For and on behalf of the Board
Technology Venture Holdings Limited
Chan Tze Ngon
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(A) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the following Directors had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules:

Name of Director	Note	Nature of interest	No. of Shares held	Position	Approximate percentage of issued share capital
Chan Tze Ngon	–	Beneficial owner	125,542,000	Long	24.97%
Wu Emmy	1	Beneficial owner	5,000,000	Long	0.01%
Tang Kin Hung	1	Beneficial owner	5,000,000	Long	0.01%

Note:

- These Shares would be allotted and issued to Mr. Wu and Mr. Tang upon their exercising of the share option granted to them in November 2003. The share option scheme was adopted pursuant to the ordinary resolutions passed by the Shareholders at the annual general meeting of the Company held on 30 May 2002.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

(B) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

(i) Interests in the Shares

Name of Shareholder	Note	No. of Shares held	Position	Approximate percentage of issued share capital
Li Yiu Wai	1	54,621,849	Long	9.80%

Notes:

- Mr. Li is deemed to be interested in the Shares pursuant to the SFO by virtue of him being entitled to 54,621,849 Consideration Shares to be allotted and issued under the Sale and Purchase Agreement.

(ii) Interests in shares of associated corporations of the Company

Name of subsidiary	Name of entity	Class and no. of securities	Percentage shareholdings
Advanced Digital Technology Co., Ltd	Aryalin Associates Ltd.	450 shares of US\$1 each (L)	45%
TVH Cyber Technology Ltd.	Yi Jun Yong	200 ordinary shares of HK\$1 each (L)	20%
BMC Software (China) Ltd.	BMC Software (HK) Ltd.	1 ordinary share of HK\$1 (L)	10%

L: represents the entity's interests in the securities

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company), including companies of which the Director/proposed directors is an employee, who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

3. DIRECTORS' SERVICE CONTRACTS

The Company has entered into service contracts with each of:

- (i) Mr. Chan Tze Ngon ("**Mr. Chan**") for an initial term of three years commencing from 1 June 2002 and expiring on 31 May 2005 renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term, until terminated by not less than three months' notice in writing served by either party expiring at the end of the initial term or at any time thereafter. Pursuant to an agreement entered into between the Company, ChinaCast Communication Holdings Limited ("**CCH**") and Mr. Chan, it is agreed that Mr. Chan will spend two-thirds of his working time with CCH and the Company will reimburse CCH each month an amount equal to one-third of Mr. Chan's monthly salary in CCH. The Company will deduct this reimbursement amount from Mr. Chan's monthly salary in the Company. In the event that Mr. Chan spends more time with the Company than the agreed proportion, the Company will reimburse CCH a proportion of Mr. Chan's salary accordingly;
- (ii) Mr. Wu Emmy for a term commencing from 1 May 2002 until terminated by not less than three months' notice in writing served by either party; and
- (iii) Mr. Tang Kin Hung for an initial term of three years commencing from 1 June 1999 and expiring on 31 May 2002 renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term, until terminated by not less than three months' notice in writing served by either party expiring at the end of the initial term or at any time thereafter.

Save as disclosed, as at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

4. COMPETING INTEREST

As at the Latest Practicable Date, so far as the Directors are aware of, no Directors or their respective associates had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. LITIGATION

北京先進數通信息技術有限公司 (Beijing Advanced Digital Information Technology Company Limited*) (“**Beijing Advanced**”), a 55% subsidiary of the Company, has entered into a contract (“**Contract**”) with one of its customers in the securities industry (“**Customer**”) for installation of networking system (“**Work**”). Over 80% of the Work has been performed by Beijing Advanced but in breach of the Contract, the Customer refused to pay the fees payable to Beijing Advanced under the Contract (“**Fees**”). Accordingly, Beijing Advanced commenced legal proceedings in 上海市虹口區人民法院 (Shanghai Hongkou District People’s Court*) (“**Court**”) against the Customer for the recovery of the Fees and the liquidated damages. As at the Latest Practicable Date, the current status of this litigation was that the Court had appointed a valuer to evaluate the value of the Work and the litigation was still in progress.

Save as disclosed, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

* for identification purpose only

6. SHARE CAPITAL

Authorised: HK\$

<u>1,000,000,000</u>	Shares	<u>100,000,000</u>
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Issued and to be issued, fully paid or credited as fully paid:

502,729,644	Shares in issue as at the Latest Practicable Date	50,272,965
54,621,849	Consideration Shares to be allotted and issued pursuant to the Sale and Purchase Agreement	5,462,185
<u>557,351,493</u>		<u>55,735,150</u>

7. MISCELLANEOUS

- (a) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is located at Room 3101, 31st Floor, 118 Connaught Road West, Hong Kong.
- (c) The company secretary and the qualified accountant of the Company is Ms. Tong Pui Wah, Lisa, who is a fellow member of various accountancy bodies in UK and Hong Kong. Ms. Tong has 16 years' experience in finance and administration with large multi-national groups.
- (d) The Company's branch share registrar and transfer office in Hong Kong is Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (e) For the purpose of this circular, unless otherwise specified, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1.04 to HK\$1.00.