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TECHNOLOGY VENTURE HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

DISCLOSEABLE TRANSACTION

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Technology Venture Holdings Limited (the "**Company**" which together with its subsidiaries, the "**Group**"), through its wholly owned subsidiary, Technology Venture Investments Limited (the "**Purchaser**"), has agreed to acquire from Aryalin Associates Limited (the "**Vendor**") a total of 550 shares (together the "Sale Shares") of US\$1.00 each in the capital of Lightyear Enterprises Limited ("**Lightyear**"). A Mr Foo Hei has agreed to guarantee the performance of the obligations of the Vendor under the agreement (the "**Agreement**") dated 24 July 2000 and made between the Purchaser, the Vendor and the Guarantor.

The consideration payable by the Company for the acquisition (the "**Acquisition**") of the Sale Shares is HK\$68,200,000. HK\$43,450,000 of the consideration will be payable by the Purchaser to the Vendor in five instalments, further details of which are set out in the section headed "Consideration" below. The balance of the consideration of HK\$24,750,000 will be paid upon Completion (as defined below) but will be stakeheld by the Purchaser for and on behalf of the Vendor for the future development of and to provide for additional working capital of Lightyear.

The Acquisition is subject to the conditions as set out in the section headed "Conditions" below.

The Acquisition constitutes a discloseable transaction on the part of the Company under the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

A special general meeting of the Company (the "**SGM**") will be convened as soon as possible to consider and if thought fit, passing the resolutions to approve the allotment and issue of the shares (each a "**Share**") of HK\$0.10 each in the capital of the Company to be allotted and issued as consideration for the Acquisition.

A circular containing, among other matters, details of the Agreement and the notice convening the SGM will be despatched to the shareholders of the Company within 21 days after the date of publication of this announcement.

The Sale and Purchase Agreement dated 24 July 2000

Parties

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

(2) The Vendor : Aryalin Associates Limited

The Vendor is an independent third party not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined in the Listing Rules).

(3) The Guarantor : Foo Hei, an independent third party not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries

or any of their respective associates (as defined in the Listing Rules)

Immediately before the entering into of the Agreement, neither the Vendor nor the Guarantor had any interests in the Shares

The Guarantor is the ultimate beneficial shareholder of the Vendor

Assets acquired

Pursuant to the Agreement, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares, being 55 per cent. of the entire issued share capital of Lightyear.

No audited financial statements have been prepared by Lightyear since its incorporation on 16 September 1999. As at 30 June 2000, the net assets of Lightyear based on its unaudited management accounts was approximately HK\$7,800. Lightyear has not recorded any profit or loss for the period commencing from 16 September 1999 to 30 June 2000.

The consideration payable by the Purchaser for the Acquisition is based on arm's length negotiations between the Purchaser, the Vendor and the Guarantor with reference to, among other matters, the sums of HK\$15,000,000, HK\$27,000,000 and HK\$34,000,000 respectively referred to in the sub-section headed "Adjustments to the consideration" in the section headed "Consideration" below. The consideration payable by the Company for the Acquisition represents:

- (a) a price-earnings multiple of approximately 8.3 times to 55% of the sum of HK\$15,000,000 referred to in the sub-section headed "Adjustments to the consideration" in the section headed "Consideration" below;
- (b) a price-earnings multiple of approximately 4.6 times to 55% of the sum of HK\$27,000,000 referred to in the sub-section headed "Adjustments to the consideration" in the section headed "Consideration" below;
- (c) a price-earnings multiple of approximately 3.6 times to 55% of the sum of HK\$34,000,000 referred to in the sub-section headed "Adjustments to the consideration" in the section headed "Consideration" below; and
- (d) a price-earnings multiple of approximately 4.9 times to 55% of the average of the sums of HK\$15,000,000, HK\$27,000,000 and HK\$34,000,000 respectively referred to in the sub-section headed "Adjustments to the consideration" in the section headed "Consideration" below.

The principal activity of Lightyear is the provision of systems integration services and software development to the banking sector in the People's Republic of China (the "**PRC**").

Consideration

Payment of the consideration

The consideration for the Acquisition is HK\$68,200,000, which will be payable by the Purchaser to the Vendor in six instalments as follows:

- (a) HK\$24,750,000 shall be payable in cash on completion (the "**Completion**") of the Acquisition;
- (b) HK\$6,000,000 (the "**Deposit**") shall be payable in cash as deposit and part payment of the consideration within 3 business days from the date of publication of this announcement;
- (c) HK\$6,000,000 shall be payable in cash within 90 days after Completion;
- (d) (i) HK\$3,100,000 shall be payable in cash on the 14th day after the receipt by the Purchaser of the audited accounts of Lightyear for the first financial year (i.e. the period of twelve calendar months commencing from the first day of the calendar month immediately following Completion) after Completion; and
(ii) HK\$3,100,000 or any part thereof shall be payable in cash or, at the election of the Purchaser, will be satisfied by the allotment and issue of such number of the Shares (each a "Consideration Share") calculated by reference to

the closing price of the Shares as quoted on the Stock Exchange on the date referred to in sub-paragraph (i) above;

(e) (i) HK\$5,585,000 shall be payable in cash on the 14th day after the receipt by the Purchaser of the audited accounts of Lightyear for the second financial year (i.e. the period of twelve calendar months immediately following the first financial year) after Completion; and

(ii) HK\$5,585,000 or any part thereof shall be payable in cash or, at the election of the Purchaser, will be satisfied by the allotment and issue of such number of the Consideration Shares calculated by reference to the closing price of the Shares as quoted on the Stock Exchange on the date referred to in sub-paragraph (i) above; and

(f) (i) HK\$7,040,000 shall be payable in cash on the 14th day after the receipt by the Purchaser of the audited accounts of Lightyear for the third financial year (i.e. the period of twelve calendar months immediately following the second financial year) after Completion; and

(ii) HK\$7,040,000 or any part thereof shall be payable in cash or, at the election of the Purchaser, will be satisfied by the allotment and issue of such number of the Consideration Shares calculated by reference to the closing price of the Shares as quoted on the Stock Exchange on the date referred to in sub-paragraph (i) above.

Adjustments to the consideration

If the audited after tax profits of Lightyear for the first financial year is less than or more than HK\$15,000,000, the total instalments referred to in paragraph (d) in the sub-section headed "Payment of the consideration" above will be adjusted to an amount calculated by multiplying HK\$6,200,000 (i.e. the total instalments referred to in paragraph (d) in the sub-section headed "Payment of the consideration" above) to the quotient of the audited after tax profits of Lightyear for the first financial year and HK\$15,000,000.

If the audited after tax profits of Lightyear for the second financial year is less than or more than HK\$27,000,000, the total instalments referred to in paragraph (e) in the sub-section headed "Payment of the consideration" above will be adjusted to an amount calculated by multiplying HK\$11,170,000 (i.e. the total instalments referred to in paragraph (e) in the sub-section headed "Payment of the consideration" above) to the quotient of the audited after tax profits of Lightyear for the second financial year and HK\$27,000,000.

If the audited after tax profits of Lightyear for the third financial year is less than or more than HK\$34,000,000, the total instalments referred to in paragraph (f) in the sub-section headed "Payment of the consideration" above will be adjusted to an amount calculated by multiplying HK\$14,080,000 (i.e. the total instalments referred to in paragraph (f) in the sub-section headed "Payment of the consideration" above) to the quotient of the audited after tax profits of Lightyear for the third financial year and HK\$34,000,000.

Other information on the consideration

The consideration for the Acquisition will be funded by the internal resources of the Group.

HK\$24,750,000 of the consideration will be stakeheld by the Purchaser for and on behalf of the Vendor for the future development of and to provide for additional working capital of Lightyear.

If Completion does not take place within 90 days from the date of the Agreement, the Vendor shall refund the Deposit to the Purchaser.

Pursuant to the Agreement, to the extent the number of Consideration Shares to be allotted and issued to the Vendor shall be equal to or exceed 9.9% of the issued share capital of the Company from time to time, the relevant instalment of the consideration shall be payable in cash.

The Guarantor is the ultimate beneficial shareholder of the Vendor beneficially owning the entire issued share capital of the Vendor. Pursuant to the Agreement, the Vendor has undertaken to the Purchaser to procure certain persons having experience in the provision of systems integration services to enter into service contracts with Lightyear prior to Completion to, among other things, operate and develop the business of the provision of systems integration services and software development.

The Consideration Shares, if allotted and issued in full upon the election of the option by the Purchaser and based on the closing price of the Shares of HK\$3.725 per Share as quoted on the Stock Exchange as at 24 July 2000,

represents:

(a) approximately 1.31 per cent. of the existing issued share capital of the Company; and

(b) approximately 1.29 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

A SGM will be convened and held as soon as reasonably practicable to approve the allotment and issue of the Consideration Shares to the Vendor credited as fully paid at the Issue Price.

The consideration was negotiated on an arm's length basis between the Vendor, the Guarantor and the Purchaser.

The Directors, including the independent non-executive Directors, consider that the terms and conditions of the Agreement are based on normal commercial terms and are fair and reasonable so far as the shareholders of the Company are concerned.

Completion

Completion will take place on the date on which all the conditions set out in the section headed "Conditions" below have been fulfilled or waived, which is expected to be on or before 31 August 2000.

Conditions

Completion is conditional upon fulfillment of the following conditions:

(1) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares;

(2) the Bermuda Monetary Authority granting consent to the allotment and issue of the Consideration Shares;

(3) the Purchaser being satisfied with the results of the due diligence review on Lightyear to be conducted in connection with the Acquisition;

(4) the shareholders of the Company passing at the SGM an ordinary resolution approving the allotment and issue of the Consideration Shares to the Vendor; and

(5) the payment of the Deposit.

If the conditions are not fulfilled on or before 31 August 2000 or such later date as the Purchaser may agree, the Agreement shall cease and shall be terminated and none of the parties shall have any claim against the others.

Shareholding of the existing substantial shareholder

As at the date of this announcement, Clear Goal Holding Limited is beneficially interested in approximately 40 per cent. of the existing issued share capital of the Company. Upon allotment and issue of the Consideration Shares on election of the Purchaser, a total of 4,221,477 Consideration Shares (based on the closing price of the Shares as quoted on the Stock Exchange of HK\$3.725 per Share) will be allotted and issued. Clear Goal Holding Limited will be beneficially interested in approximately 39.48 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares. Apart from Clear Goal Holding Limited, there is no person known to the Directors who is as at the date of this announcement, directly or indirectly interested in 10 per cent. or more of the issued share capital of the Company.

Further announcement on the then shareholding of Clear Goal Holding Limited in the Company will be made following the allotment and issue of all the Consideration Shares.

Reasons for the Acquisition

The Directors believe that the Acquisition would further expand and enhance the Group's existing systems integration business, particularly in the PRC and would accordingly improve the earnings base of the Group which

will ultimately benefit the shareholders of the Company.

General

The Company is principally engaged in investment holding with its subsidiaries principally engaged in the provision of systems integration services, software development and the provision of other information technology services.

The SGM will be convened as soon as possible to consider and if thought fit, passing the resolutions to approve the allotment and issue of the Consideration Shares.

A circular containing, among other matters, further details of the Agreement and the notice of the SGM to approve the allotment and issue of the Consideration Shares will be despatched to the shareholders of the Company as soon as practicable.

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

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

Hong Kong, 25 July 2000

Please also refer to the published version of this announcement in Hong Kong iMail, Hong Kong Economic Times and Hong Kong Economic Journal.