



TECHNOLOGY VENTURE HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Announcement in respect of a merger agreement between IBM and Sequent

The Directors have noted a joint press release by IBM and Sequent dated 12th July, 1999 in respect of a merger agreement between the two companies.

The distribution of Sequent computer products has been one of the major sources of income for the Group. Sequent China, a joint venture with Sequent in which the Group owns as to 91% of its issued share capital, was granted the exclusive distribution right for the distribution of Sequent computer products in the PRC and Hong Kong to 31st December, 2001. The Company has confirmed with its legal advisers on 12th July, 1999 that the legality, validity and enforceability of the relevant distribution agreement, name licence agreement and shareholders' agreement in relation to the Group's distribution of Sequent computer products will not be affected by the change in controlling shareholder of Sequent and the Directors accordingly do not consider the merger between IBM and Sequent will have any significant effect on the Group's distribution of Sequent computer products operation in the PRC and Hong Kong.

The Directors have noted a joint press release by IBM and Sequent dated 12th July, 1999 in respect of a merger agreement between the two companies (the "Joint Announcement"). The Joint Announcement has stated, inter alia, the followings:

- IBM and Sequent has entered into a merger agreement. IBM will pay US\$18.00 in cash for each outstanding share of Sequent common stock. The transaction, when completed, is expected to have a total equity value of approximately US\$810 million.
- IBM plans to begin selling Sequent's product line worldwide immediately following completion of the merger. IBM will integrate Sequent technologies into IBM products. Similarly, Sequent will benefit from IBM's technological, manufacturing and global sales prowess.
- As a result of the merger:
 - IBM will market and sell Sequent's NUMA-Q 1000 and 2000 using IBM's worldwide sales force.
 - IBM will enable its business partner network to market and sell Sequent's current products.
 - The IBM and Sequent development teams will accelerate their work on Project Monterey.
 - IBM's servers will incorporate Sequent's NUMA technology.
 - IBM will provide middleware support for Sequent's current product line.

The completion of the merger is subject to Sequent stockholder and regulatory approvals.

For the three years ended 31st December, 1998, distribution of Sequent computer systems accounted for approximately 80.5%, 78.8% and 62.6% respectively of the total turnover of the Group. Pursuant to an agreement dated 5th June, 1999 between Sequent and Sequent China, a joint venture which is owned as to 91% and 9% by the Group and Sequent respectively, Sequent China was granted the exclusive distribution right for the distribution of Sequent computer products in the PRC and Hong Kong to 31st December, 2001. The Company has confirmed with its legal advisers on 12th July, 1999 that the legality, validity and enforceability of the relevant distribution agreement, name licence agreement and shareholders' agreement in relation to the Group's distribution of Sequent computer products will not be affected by the change in controlling shareholder of Sequent and the Directors accordingly do not consider the merger between IBM and Sequent will have any significant effect on the Group's distribution of Sequent computer products operation in the PRC and Hong Kong. Furthermore, subject to the merger of IBM and Sequent mentioned above being materialised, the Company will discuss in due course with IBM in

respect of its selling arrangement of Sequent computer products in the PRC and Hong Kong.

Further announcement will be made if there is any material development on the merger of IBM and Sequent which are considered to have a material effect on the business and operations of the Group.

Terms used in this announcement

"Company"	Technology Venture Holdings Limited
"Directors"	directors of the Company
"Group"	The Company and its subsidiaries
"IBM"	International Business Machines Corporation
"PRC"	People's Republic of China
"Sequent"	Sequent Computer Systems, Inc.
"Sequent China"	Sequent China/Hong Kong Limited
"US\$"	United States of America dollars

By Order of the Board
Chan Tze Ngon, Ron
Chairman
Hong Kong, 13th July, 1999

* for identification only