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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, UNUSUAL MOVEMENTS IN PRICE AND TRADING VOLUME AND RESUMPTION OF TRADING

On 18 July 2007, the Directors noted the unusual movements in price and trading volume of the Shares, and requested for a suspension of trading of the Shares with effect from 11:51 a.m. on 18 July 2007, pending the issue of this announcement.

The Acquisition

Further to the announcement published by the Company on 25 June 2007 in relation to the Acquisition and the entering into of the MOU, on 20 July 2007, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor in relation to the Acquisition for a consideration of HK\$190 million (subject to adjustment), to be satisfied as to approximately HK\$70 million in cash and HK\$120 million by the issue of the Convertible Bonds.

The Sale Share represents the entire issued share capital of Quest Asia. Quest Asia has, on 15 December 2006, entered into two management and consultancy contracts with Tian Lan, pursuant to which Quest Asia will provide management and consultancy services to Tian Lan for the cultivation of licorice roots (甘草) on the Licorice Root Growing Area and salix psammophila (沙柳) on the Salix Psammophila Growing Area. It is not expected that there will be any change in the terms of the Management Contracts after Completion. Nevertheless, any future change in the terms of the Management Contracts after Completion will be subject to further negotiation and agreement between Quest Asia and Tian Lan, and the Company will, if required, make appropriate disclosure of such change in accordance with the provisions of the Listing Rules at the time.

* For identification purpose only

General

The applicable percentage ratios (as defined in the Listing Rules) for the Acquisition are more than 25% but less than 100%. Pursuant to Rule 14.06(3) of the Listing Rules, the Acquisition constitutes a major transaction for the Company and is therefore subject to the notification and announcement requirements and the approval of the Shareholders. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and the ultimate beneficial owners of the Vendor are third parties independent of the Company and connected persons of the Company. Therefore, no Shareholders will be required to abstain from voting on the Agreement and all matters contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares upon conversion of the Convertible Bonds, at the SGM.

A circular containing, among other things, details of the Agreement, together with a notice convening the SGM at which an ordinary resolution will be proposed for the approval of the Agreement and all matters contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares upon the exercise of the Convertible Bonds, will be sent to the Shareholders as soon as practicable.

Suspension and resumption of trading in Shares

The trading of the Shares on the Stock Exchange was suspended at the request of the Company from 11:51 a.m. on 18 July 2007 pending the publication of this announcement, and will remain suspended in the morning of 26 July 2007 to allow sufficient time for investors of the Company to consider the published information. The Company has made an application to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange from 2:30 p.m. on 26 July 2007.

On 18 July 2007, the Directors noted the unusual movements in price and trading volume of the Shares, and requested for a suspension of trading of the Shares with effect from 11:51 a.m. on 18 July 2007, pending the issue of this announcement.

THE ACQUISITION

Further to the announcement published by the Company on 25 June 2007 in relation to the proposed Acquisition and the entering into of the MOU, on 20 July 2007, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor in relation to the Acquisition for a consideration of HK\$190 million (subject to adjustment as detailed in the section headed "Adjustment to the Consideration" below), which is to be satisfied as to approximately HK\$70 million in cash and HK\$120 million by the issue of the Convertible Bonds.

THE AGREEMENT

Date: 20 July 2007

Parties involved:

Vendor : Adonia Development Limited

Purchaser : Technology Venture Investments Limited

Guarantors : Messrs. Lee Cheong Fu, Tse Hoi Chau and Mui Kin Si Felix, who are the ultimate beneficial owners of the Vendor and none of whom hold any position in the Group

The Purchaser is a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability on 30 May 1997 and is principally engaged in investment holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and the ultimate beneficial owners of the Vendor are third parties independent of the Company and connected persons of the Company, and the Vendor has no other business dealings and transactions with the Group within 12 months prior to the date of the Agreement.

Asset to be acquired

The Sale Share represents the entire issued share capital of Quest Asia.

Quest Asia is an investment holding company incorporated in the British Virgin Islands with limited liability on 3 January 2006 and is wholly owned by the Vendor which, in turn, is wholly and ultimately beneficially owned as to 40.5% by Mr. Lee, as to 49.5% by Mr. Tse and as to 10.0% by Mr. Mui.

Quest Asia has entered into Management Contract A with Tian Lan on 15 December 2006, pursuant to which Quest Asia agreed to provide management and consultancy services to Tian Lan for the cultivation of licorice roots in the Licorice Root Growing Area. Quest Asia has also entered into Management Contract B with Tian Lan on 15 December 2006, pursuant to which Quest Asia agreed to provide management and consultancy services to Tian Lan for the cultivation of salix psammophila in the Salix Psammophila Growing Area. It is not expected that there will be any change in the terms of the Management Contracts after Completion. Nevertheless, any future change in the terms of the Management Contracts after Completion will be subject to further negotiation and agreement between Quest Asia and Tian Lan, and the Company will, if required, make appropriate disclosure of such change in accordance with the provisions of the Listing Rules at the time.

Based on the unaudited accounts of Quest Asia, prepared in accordance with the Hong Kong Financial Reporting Standard, for the period since its incorporation on 3 January 2006 up to 30 June 2007, the net loss before taxation and extraordinary items and the net loss after taxation and extraordinary items were both HK\$25,958, and it recorded net liabilities of HK\$25,950 as at 30 June 2007. Further details of the Management Contracts are set out in the section headed "The Management Contracts" below.

The Consideration

The Consideration will be settled by the Purchaser on Completion in the following manner:

- (i) as to HK\$70 million is to be paid in cash to the ultimate beneficial owners of the Vendor (or their nominee(s) as they may direct) in proportion to their respective equity interests in the Vendor; and
- (ii) as to HK\$120 million is to be satisfied by the issue of the Convertible Bonds in favour of the beneficial owners of the Vendor (or their nominee(s) as they may direct) in proportion to their respective equity interests in the Vendor. Details of the Convertible Bonds are set out in the section headed "Issue of the Convertible Bonds" below.

The Group will finance the cash consideration of HK\$70 million with its internal resources.

Further details of the basis of determining the Consideration are set out in the section headed “Basis of the Consideration” below.

Conditions to Completion

Completion of the Acquisition is conditional upon the satisfaction of the following conditions:

- (a) the Purchaser being satisfied with the results of the due diligence review;
- (b) all representations, warranties and undertakings provided by the Vendor and/or the Guarantors (as the case may be) under the Agreement remaining true, accurate and complete in all material respects;
- (c) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Conversion Shares;
- (d) all necessary consents and approvals required to be obtained having been obtained on the part of Tian Lan, Quest Asia and the Vendor in respect of the Agreement, the Management Contracts and the transactions contemplated thereunder;
- (e) if necessary, the Bermuda Monetary Authority granting consent to the allotment and issue of the Conversion Shares;
- (f) the passing of the necessary resolution(s) by the Shareholders at the SGM to be convened and held to approve the Agreement and all matters contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares upon conversion of the Convertible Bonds;
- (g) the PRC legal opinion (in form and substance satisfactory to the Purchaser) to be issued by a firm of PRC legal advisers acceptable to the Purchaser covering such matters which are relevant to the Agreement, the Management Contracts and the transactions contemplated thereunder being obtained; and
- (h) the obtaining by Tian Lan of the Certificate of Land Use Rights under Management Contract B.

The Purchaser has the sole discretion to waive any of the conditions as set out above (save for conditions (c), (d), (e) and (f) which are incapable of being waived). The Purchaser does not have any current intention to waive any of the said conditions. The Vendor does not have any discretion to waive any of the conditions to Completion.

If the conditions set out above have not been satisfied (or as the case may be, waived by the Purchaser) on or before 4:00 p.m. on 31 October 2007, or such later date as the Vendor and the Purchaser may agree, the Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other under the Agreement save for any antecedent breaches of the terms thereof.

Undertakings by the Vendor

The Vendor undertakes to the Purchaser that:

- (i) for a period of 46 years from the Completion Date, Management Contract A will continue to be of full effect, renewable and enforceable;
- (ii) for a period of 29 years from the Completion Date, Management Contract B will continue to be of full effect, renewable and enforceable; and
- (iii) the Vendor will exercise its best endeavours to procure Tian Lan to continue holding the title, ownership and rights of use in respect of the Licorice Root Growing Area and the Salix Psammophila Growing Area.

Completion

Completion is expected to take place at 4:00 p.m. on the Completion Date or such later date as the Vendor and the Purchaser may agree. Upon Completion, Quest Asia will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated with the Group. Prior to Completion, the board of directors of Quest Asia comprises two directors, namely Mr. Tse and Mr. Lee. Upon Completion, the Purchaser will nominate its two executive directors, namely Mr. Tse Michael Nam and Mr. Chan Tze Ngon, to the board of directors of Quest Asia to replace Mr. Tse and Mr. Lee.

THE MANAGEMENT CONTRACTS

Management Contract A

Parties involved:

Quest Asia and Tian Lan

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Tian Lian and the ultimate beneficial owners of Tian Lian are third parties independent of the Company and connected persons of the Company, and are third parties independent of the Vendor and the ultimate beneficial owners of the Vendor (save for the entering into of the Management Contracts by Tian Lan and Quest Asia, a wholly-owned subsidiary of the Vendor before Completion).

Term:

Management Contract A shall be effective for a period of 46 years up to 2053.

Scope of services to be provided by Quest Asia to Tian Lan:

Quest Asia shall assist Tian Lan in formulating an integrated plan in the production, harvest, processing and sales of licorice roots, provide advice on the management of the operations of the Licorice Root Growing Area, send representatives to provide training to Tian Lan's sales and management staff, provide administrative and accounting support as necessary, as well as provide any other services that may be agreed to between Quest Asia and Tian Lan.

Income sharing ratio:

In respect of the sales of the existing licorice roots in the Licorice Root Growing Area, Quest Asia shall receive 70% of the turnover generated from the sales of such licorice roots (after deducting 15% from the total turnover as production cost and all other necessary tax payments), with the remaining 30% payable to Tian Lan.

In respect of the cultivation of licorice roots in the Licorice Root Growing Area to be planted by Quest Asia in the future, Quest Asia shall receive 90% of the turnover generated from the sales of such cultivated licorice roots (after deducting the direct production costs and all other necessary tax payments), with the remaining 10% payable to Tian Lan.

It is expected that planting of new licorice roots by Quest Asia will commence as soon as practicable at the appropriate cultivation time after Completion, on condition that climatic and other conditions relevant to the agricultural business are appropriate. The expected time required from cultivation to harvesting of licorice roots, subject to climatic and other relevant conditions, is approximately three years.

Other provisions:

Tian Lan guarantees that it possesses the legitimate right to use and operate on the Licorice Root Growing Area until 2053. Tian Lan shall not transfer, pledge or dispose of the right to use the Licorice Root Growing Area to any other third party, or engage any other third party to provide similar management and consultancy services in respect of the Licorice Root Growing Area as Quest Asia, without the prior written consent of Quest Asia. Quest Asia has the right to cultivate licorice roots on the Licorice Root Growing Area and is entitled to the ownership and sales rights of the licorice roots that it cultivates.

Management Contract B

Parties involved:

Quest Asia and Tian Lan

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Tian Lian and the ultimate beneficial owners of Tian Lian are third parties independent of the Company and connected persons of the Company, and are third parties independent of the Vendor and the ultimate beneficial owners of the Vendor (save for the entering into of the Management Contracts by Tian Lan and Quest Asia, a wholly-owned subsidiary of the Vendor before Completion).

Term:

Management Contract B shall be effective for a period of 29 years up to 2036.

Scope of services to be provided by Quest Asia to Tian Lan:

Quest Asia shall assist Tian Lan in formulating an integrated plan in the production, harvest, processing and sales of salix psammophila, provide advice on the management of the operations of the Salix Psammophila Growing Area, send representatives to provide training to Tian Lan's sales and management staff, provide administrative and accounting support as necessary, as well as provide any other services that may be agreed to between Quest Asia and Tian Lan.

Income sharing ratio:

In respect of the sales of the existing salix psammophila in the Salix Psammophila Growing Area, Quest Asia shall receive 70% of the turnover generated from the sales of such salix psammophila (after deducting 15% from the total turnover as production cost and all other necessary tax payments), with the remaining 30% payable to Tian Lan.

In respect of the cultivation of salix psammophila in the Salix Psammophila Growing Area to be planted by Quest Asia in the future, Quest Asia shall receive 90% of the turnover generated from the sales of such cultivated salix psammophila (after deducting the direct production costs and all necessary tax payments), with the remaining 10% payable to Tian Lan.

It is expected that planting of new salix psammophila by Quest Asia will commence as soon as practicable at the appropriate cultivation time after obtaining the Certificate of Land Use Rights under Management Contract B, on condition that climatic and other conditions relevant to the agricultural business are appropriate. The expected time required from cultivation to harvesting of salix psammophila, subject to climatic and other relevant conditions, is approximately three years.

Other provisions:

Tian Lan shall not transfer, pledge or dispose of the right to use the Salix Psammophila Growing Area to any other third party, or engage any other third party to provide similar management and consultancy services in respect of the Salix Psammophila Growing Area as Quest Asia, without the prior written consent of Quest Asia. Quest Asia has the right to cultivate salix psammophila on the Salix Psammophila Growing Area and is entitled to the ownership and sales rights of the salix psammophila that it cultivates.

BASIS OF THE CONSIDERATION

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the Reference Amount (as defined hereunder).

Based on the Consideration, the price earnings multiple for the Acquisition is about 12 times. Such price earnings multiple is determined with reference to the acquisition of Huge Value Development Limited ("Huge Value") (which had entered into a management and consultancy contract with Tian Lan for the cultivation of licorice roots in Inner Mongolia) by the Purchaser as announced by the Company on 14 February 2007, and such reference is made as the Acquisition is a further acquisition of the same business as that of Huge Value. Furthermore, the provision of management and consultancy services by Quest Asia to Tian Lan to grow licorice roots and salix psammophila is a relatively unique service, and the Board is only aware of the provision by Huge Value (another wholly-owned subsidiary of the Company) of such a similar service. As such, the Board considers the determination of the price earning multiples of about 12 times, based on the price earnings multiple for the acquisition of Huge Value, is fair and reasonable.

On this basis, the Board (including the independent non-executive Directors) considers that the terms of the Agreement are on normal commercial terms and that the terms and conditions of the Agreement and the Consideration are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

ADJUSTMENT TO THE CONSIDERATION

The Vendor warrants and guarantees to the Purchaser that for the year ending 31 December 2008, the audited income (the “Actual Income”), based on the Hong Kong Financial Reporting Standards, actually received by Quest Asia under the Management Contracts, will not be less than HK\$15.8 million (the “Reference Amount”). If the Actual Income is less than the Reference Amount, the Vendor shall pay the Purchaser in cash within seven days after the delivery of the audited accounts of Quest Asia for the financial year ending 31 December 2008 in an amount calculated as follows:

$$\text{Set-off amount (A)} = (\text{Reference Amount} - \text{Actual Income}) \times 12$$

where A is the amount the Vendor shall pay to the Purchaser in cash, subject to a maximum of HK\$70 million. For the avoidance of doubt, if A exceeds HK\$70 million, the Vendor will only be obligated to pay up to HK\$70 million to the Purchaser.

The Purchaser shall procure that the audited financial statements of Quest Asia for the financial year ending 31 December 2008 shall be prepared and reported on by the auditors for the time being of the Company by 30 April 2009.

In the event that Renminbi amounts have to be converted into Hong Kong dollar amounts or vice versa in the above calculation, the exchange rate to be adopted will be RMB1.00 = HK\$1.04.

For the avoidance of doubt, each of the Guarantors shall severally (to the extent of and in proportion to their respective ultimate equity interests in the Vendor) indemnify and at all times keep the Purchaser fully and effectually indemnified against all claims, damages, losses, costs, expenses, actions and proceedings which may be raised as a result of default of the Vendor under the Agreement in the proportion to their respective equity interests in the Vendor as at the date of this Agreement.

The Vendor further undertakes to the Purchaser that if Quest Asia records a loss in its accounts as at the date of Completion, the Vendor shall fully reimburse the Purchaser in cash within seven Business Days from the Completion Date. This is separate from and in addition to the adjustment to the Consideration of up to HK\$70 million as set out above.

ISSUE OF THE CONVERTIBLE BONDS

Issue date: To be issued by the Company to the Subscribers upon Completion.

Parties:

- (1) Issuer: the Company
- (2) Subscribers: the ultimate beneficial owners of the Vendor, or their nominee(s) as they may direct

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Subscribers and the ultimate beneficial owner(s) of the Subscribers (where applicable) are third parties independent of the Company and connected persons of the Company. The Directors undertake that the Company will notify the Stock Exchange immediately when becoming aware of any dealings in the Convertible Bonds by any connected parties of the Company.

Principal terms of the Convertible Bonds

<i>Aggregate principal amount of the Convertible Bonds</i>	HK\$120 million, to be issued in favour of the ultimate beneficial owners of the Vendor (or their nominee(s) as they may direct) in proportion to their respective equity interests in the Vendor.
<i>Interest</i>	Zero coupon
<i>Conversion Price</i>	At a premium of 5% over the average of the closing prices per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of Completion. The Conversion Price is subject to such adjustments as set out in the instrument constituting the Convertible Bonds such as the subdivision or consolidation of Shares, bonus issues, rights issues and other dilutive events, including but not limited to cash distribution, capital distribution, distribution in species or the occurrence of certain other analogous events that results in a dilution or concentration of the rights of the Shareholders provided that the Conversion Price shall be not less than the nominal price of the Shares on the date of conversion.
<i>Conversion period</i>	The Convertible Bonds may be converted, at the option of the Subscriber, at any time from the date of issue of the Convertible Bonds up to the Maturity Date, provided that, among others, any conversion of the Convertible Bonds will not result in the holder(s) thereof, together with its associate(s), (1) holding an aggregate of 8% or more of the then issued share capital of the Company (as enlarged by the allotment and issue of the Conversion Shares), that is, at any one time, irrespective of the outstanding amount of the Convertible Bonds held by the Subscriber (s), the Subscriber(s) can only convert such amount of the Convertible Bonds such that it/they, together with their associate(s), hold a maximum aggregate of 8% of the then issued share capital of the Company (as enlarged by the allotment and issue of the Conversion Shares); (2) trigger a mandatory offer obligation under the Takeovers Code; or (3) the public float of the Shares falling below 25% of the issued shares of the Company
<i>Conversion Shares</i>	The Convertible Bonds may be converted at any time from the date of issue of the Convertible Bonds up to the Maturity Date in multiples of HK\$1,000,000.
<i>Maturity Date</i>	The Convertible Bonds will mature on the date falling on the third anniversary from the date of issue of the Convertible Bonds.
<i>Redemption</i>	The Company has an option of early redemption of the Convertible Bonds at any time from the date of issue of the Convertible Bonds up to the Maturity Date at par in multiples of HK\$1,000,000 by serving at least seven days' prior written notice to the holder(s) of the Convertible Bonds.

Transferability

The Convertible Bonds may be assigned or transferred to any person or company not being a connected person of the Company provided that the holders of the Convertible Bonds shall serve not less than seven days' prior written notice on the Company before the transfer takes place.

Voting

The Subscribers will not be entitled to attend or vote at any meetings of the Company by reason only of it being the holder of the Convertible Bonds.

Status of the Convertible Bonds

The obligations of the Company arising under the Convertible Bonds constitute general and unsecured obligations of the Company and rank equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law.

Listing of the Convertible Bonds

No application will be made for the listing of the Convertible Bonds.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscriber. The Directors (including the independent non-executive Directors) consider that the Conversion Price is fair and reasonable.

The Conversion Shares falling to be allotted and issued on the conversion of the Convertible Bonds, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of such Shares.

Mandate to issue the Conversion Shares

At the annual general meeting of the Company on 25 May 2007, Shareholders have approved the grant of a general mandate to the Directors to allot and issue up to 20% of the aggregate nominal amount of the issued Shares at the time of the passing of the resolution approving such general mandate, being 166,843,710 Shares. As announced by the Company on 16 June 2007, 160,000,000 new Shares were issued for subscription by the Vendor pursuant to a top-up placing. As only approximately 6.8 million Shares remain outstanding pursuant to the general mandate and in view of the possible number of Conversion Shares which may fall to be allotted and issued upon conversion of the Convertible Bonds, the Conversion Shares will be issued under a specific mandate to be granted to the Directors to allot, issue and deal with the Conversion Shares, subject to approval by the Shareholders at the SGM. Such specific mandate, if approved by the Shareholders at the SGM, will expire upon maturity of the Convertible Bonds or when all the Convertible Bonds have been converted or redeemed whichever is earlier. If completion fails to take place for whatever reason, such specific mandate will expire.

Application for listing

No application will be made for the listing of, and permission to deal in, the Convertible Bonds on the Stock Exchange or other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares that may be allotted and issued upon conversion of the Convertible Bonds.

Change in shareholding structure

On the basis that any conversion of the Convertible Bonds cannot result in the holder(s) of the Convertible Bonds, together with its associate(s), holding an aggregate of 8% or more of the then issued share capital of the Company (as enlarged by the allotment and issue of the Conversion Shares) at any one time, upon the maximum allowable conversion of the Convertible Bond(s) into Conversion Shares (and assuming no allotment or issue of new Shares or Share repurchased by the Company prior to the conversion), the shareholding structure of the Company will be, for illustration purpose only, as follows:

Shareholders	As at the date of this announcement		Immediately after the exercise of conversion rights attached to the Convertible Bonds	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Mr. Chan Tze Ngon (<i>Note 1</i>)	125,542,000	12.60%	125,542,000	11.59%
Mr. Tse Michael Nam (<i>Note 2</i>)	30,000,000	3.01%	30,000,000	2.77%
The Subscriber(s) (<i>Note 3</i>)	–	–	86,648,570	8.00%
Galaxy China Opportunities Fund	88,682,000	8.90%	88,682,000	8.19%
Deutsche Bank Aktiengesellschaft	85,000,000	8.53%	85,000,000	7.85%
Credit Suisse Group	83,000,000	8.33%	83,000,000	7.66%
Other public Shareholders	584,234,552	58.63%	584,234,552	53.94%
Public Shareholders	840,916,552	84.39%	927,565,122	85.64%
Total	996,458,552	100.00%	1,083,107,122	100.00%

Notes:

1. Mr. Chan Tze Ngon is an executive Director.
2. Mr. Tse Michael Nam is the chairman of the Company and an executive Director.
3. Any conversion of the Convertible Bonds cannot result in the holder(s) of the Convertible Bonds, together with its associate(s), holding an aggregate of 8% or more of the then issued share capital of the Company (as enlarged by the allotment and issue of the Conversion Shares) at any one time; that is, at any one time, irrespective of the outstanding amount of the Convertible Bonds held by the Subscriber(s), the Subscriber(s) can only convert such amount of the Convertible Bonds such that it/they, together with their associate(s), hold a maximum aggregate of 8% of the then issued share capital of the Company (as enlarged by the allotment and issue of the Conversion Shares).

REASONS FOR THE ACQUISITION

Salix psammophila is a type of shrub mostly grown in the Inner Mongolia Autonomous Region, Shaanxi Province, Gansu Province and Xinjiang Province of the PRC. It is commonly used in combating desertification by holding the sand and blocking the moving sand. Since the early 1990s, salix psammophila has been increasingly used as a raw material for making paper and fibre boards. Taking into consideration the commercial benefits of salix psammophila, together with the increasing commitment of resources by the PRC government in combating the worsening desertification, the Board considers that there is huge market potential in the cultivation of salix psammophila in the PRC.

Reference is also made to the announcement of the Company dated 14 February 2007. The Group has been engaged in the business of agricultural management since February 2007 when it entered into a sale and purchase agreement to purchase the entire issued capital of an investment holding company that has entered into a contract to provide management and consultancy services for the cultivation of licorice roots on a piece of grassland in Inner Mongolia. The Directors consider that the Acquisition is in line with the Group's existing business strategy and could further strengthen its existing agricultural business. In addition, the Directors consider that the Acquisition could provide growth opportunities for the Group in the growing environmental protection industry with the increasing awareness of environmental issues in the PRC and worldwide. Based on the above, the Board (including the independent non-executive Directors) considers the Acquisition is in the best interest of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP

The Group is principally engaged in the distribution of information technology products, the provision of computer technology services, the carrying on of property agency business and the provision of management and consultancy services for agricultural cultivation in the PRC. The provision of management and consultancy services for agricultural cultivation in the PRC represents a further expansion of the Group's agricultural business, and the Board has no intention to cause any material change to the existing principal activities of the Group upon Completion. There is no change in the control of the Company within 24 months immediately preceding the date of this Agreement. There will be no change in the composition of the Board as a result of the Acquisition.

REQUIREMENTS UNDER THE LISTING RULES

The applicable percentage ratios (as defined in the Listing Rules) for the Acquisition are more than 25% but less than 100%. Pursuant to Rule 14.06(3) of the Listing Rules, the Acquisition constitutes a major transaction for the Company and is therefore subject to the notification and announcement requirements and the approval of the Shareholders. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and the ultimate beneficial owners of the Vendor are third parties independent of the Company and connected persons of the Company. Therefore, no Shareholders will be required to abstain from voting on the Agreement and all matters contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares upon conversion of the Convertible Bonds, at the SGM.

A circular containing, among other things, details of the Agreement, together with a notice convening the SGM at which an ordinary resolution will be proposed for the approval of the Agreement and all matters contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares upon the exercise of the Convertible Bonds, will be sent to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING IN SHARES

Trading in the Shares on the main board of the Stock Exchange was suspended with effect from 11:51 a.m. on 18 July 2007 at the request of the Company pending the publication of this announcement, and will remain suspended in the morning of 26 July 2007 to allow sufficient time for investors of the Company to consider the published information. Application has been made to the Stock Exchange for the resumption of trading of Shares with effect from 2:30 p.m. on 26 July 2007.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, unless the context otherwise requires, terms used herein shall have the following meanings:

“Acquisition”	the acquisition of the entire issued share capital of Quest Asia from the Vendor by the Purchaser
“Agreement”	the sale and purchase agreement dated 20 July 2007 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the entire issued share capital of Quest Asia, details of which is set out in the section headed “The Agreement” of this announcement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Business Day”	a day (other than Saturday or Sunday) on which licensed banks are open for business in Hong Kong throughout their normal business hours
“Company”	Venture International Investment Holdings Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the main board of the Stock Exchange
“Completion”	the completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Completion Date”	the day falling seven Business Days after fulfillment (or waiver) of the conditions contemplated under the Agreement
“Connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of HK\$190 million subject to adjustment as detailed under the section headed “Adjustment to the Consideration” herein
“Conversion Price”	the price for the conversion of each Conversion Share, subject to adjustments pursuant to the terms and conditions as set out in the instrument constituting the Convertible Bonds to be issued by the Company at Completion
“Conversion Share(s)”	the Share(s) to be issued by the Company upon exercise of the conversion rights attached to the Convertible Bond(s)
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of HK\$120 million due in 2010, to be issued by the Company to the Subscribers in proportion to their respective equity interests in the Vendor as satisfaction in part of the Consideration under the Agreement, upon Completion
“Director(s)”	director(s) of the Company

“Group”	the Company and its subsidiaries
“Guarantors”	Mr. Lee, Mr. Tse and Mr. Mui, being the ultimate beneficial owners of the Vendor
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Licorice Root Growing Area”	a piece of land of 800,000 Chinese mu at 伊克昭盟杭錦旗浩繞柴達木蘇木 (Yi Ke Zhao Meng Hang Jin Qi Hao Rao Chai Da Mu Su Mu*) in the Inner Mongolia Autonomous Region of the PRC for the cultivation of licorice roots (甘草)
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Management Contracts”	Management Contract A and Management Contract B
“Management Contract A”	the management and consultancy contract dated 15 December 2006 signed between Quest Asia and Tian Lan in relation to the provision of management and consultancy services by Quest Asia to Tian Lan for the cultivation of licorice roots (甘草) in the Licorice Root Growing Area
“Management Contract B”	the management and consultancy contract dated 15 December 2006 signed between Quest Asia and Tian Lan in relation to the provision of management and consultancy services by Quest Asia to Tian Lan for the cultivation of salix psammophila (沙柳) in the Salix Psammophila Growing Area
“Maturity Date”	the date falling on the third anniversary from the date of issue of the Convertible Bonds, being the date on which the Convertible Bonds mature
“MOU”	the memorandum of understanding for the sale and purchase of the entire issued share capital of Quest Asia dated 25 June 2007 and signed between the Vendor and the Purchaser
“Mr. Lee”	Mr. Lee Cheong Fu, who is ultimately beneficially interested in 40.5% of the issued share capital of the Vendor
“Mr. Mui”	Mr. Mui Kin Si Felix, who is ultimately beneficially interested in 10.0% of the issued share capital of the Vendor
“Mr. Tse”	Mr. Tse Hoi Chau, who is ultimately beneficially interested in 49.5% of the issued share capital of the Vendor
“PRC”	The People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Purchaser”	Technology Venture Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Quest Asia”	Quest Asia Development Ltd., a company incorporated in the British Virgin Islands with limited liability on 3 January 2006 and is wholly owned by the Vendor
“Sale Share”	one issued share of US\$1.00 of Quest Asia, representing the entire existing issued share capital of Quest Asia to be sold by the Vendor to the Purchaser pursuant to the terms and conditions under the Agreement
“Salix Psammophila Growing Area”	a piece of land of 2,200,000 Chinese mu at 伊克昭盟杭錦旗浩繞柴達木蘇木 (Yi Ke Zhao Meng Hang Jin Qi Hao Rao Chai Da Mu Su Mu*) in the Inner Mongolia Autonomous Region of the PRC for the cultivation of salix psammophila (沙柳)
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Agreement and all matters contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares upon conversion of the Convertible Bonds
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	subscribers of the Convertible Bonds, being the ultimate beneficial owners of the Vendor (or their nominee(s) as they may direct)
“Takeover Code”	the Code on Takeovers and Mergers of Hong Kong
“Tian Lan”	內蒙古天蘭科技治沙產業有限公司 (Inner Mongolia Tian Lan Technology Sand Control Estate Limited*), a limited company incorporated in the PRC on 3 September 2003
“Vendor”	Adonia Development Limited, a company incorporated in the British Virgin Islands with limited liability and ultimately beneficially owned as to 40.5% by Mr. Lee, as to 49.5% by Mr. Tse and as to 10.0% by Mr. Mui
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

* For identification purpose only

“US\$” United States dollars, the lawful currency of the United States of America
“%” per cent.

By order of the Board of
Venture International Investment Holdings Limited
Tse Michael Nam
Chairman

Hong Kong, 25 July 2007

As at the date of this announcement, Mr. Tse Michael Nam and Mr. Chan Tze Ngon are the executive Directors and Mr. Tai Benedict, Mr. Lim Yew Kong, John and Mr. Puoungpun Sananikone are the independent non-executive Directors.