



# TECHNOLOGY VENTURE HOLDINGS LIMITED

宏昌科技集團有限公司\*

(incorporated in Bermuda with limited liability)  
website: www.tvh.com.hk

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2000

### RESULTS

The directors (the “Directors”) of Technology Venture Holdings Limited (the “Company”) are pleased to announce the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2000 together with comparative figures for the corresponding period in 1999 as follows:

	<i>Notes</i>	Six months ended 30 June	
		2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
TURNOVER	1	183,675	153,175
Cost of sales		(132,004)	(108,484)
Gross profit		51,671	44,691
Other revenue		3,298	2,413
Distribution costs		(7,673)	(8,708)
Administrative expenses		(27,788)	(22,429)
PROFIT FROM OPERATING ACTIVITIES		19,508	15,967
Finance costs		(570)	(650)
PROFIT BEFORE TAX		18,938	15,317
Tax	2	(3,176)	(2,666)
PROFIT BEFORE MINORITY INTERESTS		15,762	12,651
Minority interests		(774)	(300)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		14,988	12,351
Dividends		(4,830)	(3,920)
RETAINED PROFIT FOR THE PERIOD		10,158	8,431
Earnings per share	3		
Basic		4.73 HK cents	5.88 HK cents
Diluted		4.70 HK cents	—

*Notes:*

#### 1. Turnover

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

#### 2. Taxation

	Six months ended 30 June	
	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Hong Kong	250	388
Elsewhere	2,926	2,278
	3,176	2,666

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

#### 3. Earnings per share

The calculation of the basic earnings per share for the six months ended 30 June 2000 is based on the unaudited consolidated profit attributable to shareholders of approximately HK\$14,988,000 and on the weighted average of 316,692,308 shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30 June 2000 is based on the unaudited consolidated profit attributable to shareholders of approximately HK\$14,988,000 and the weighted average of 318,750,265 shares issued during the period. Included in the weighted average number of shares used in calculating the diluted earnings per share are weighted average of 2,057,957 shares, which are deemed to be issued at no consideration if all outstanding share options have been exercised.

### INTERIM DIVIDEND

The Directors recommend the payment of an interim dividend of 1.5 Hong Kong cents (1999: 1.4 Hong Kong cents) per share for the period, payable on or before Friday, 13 October 2000 in cash to shareholders whose names appear on the register of members of the Company on Friday, 29 September 2000.

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 25 September 2000 to Friday, 29 September 2000 (both days inclusive) and during which period no transfer of shares will be effected.

In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates should be lodged with the Company's share registrar, Tengis Limited, 4F, Hutchison House, 10 Harcourt Road, Hong Kong not later than 4:00 p.m. on Friday, 22 September 2000.

### BUSINESS REVIEW

#### Overall

For the six months ended 30 June 2000, the Group's turnover was approximately HK\$184 million, representing a growth of approximately 20% in comparison with the corresponding period in 1999.

The net profit attributable to shareholders was approximately HK\$15 million, representing a growth of approximately 21% in comparison with the corresponding period in 1999.

#### Banking Enabling

Over the years, the Group has established itself as one of the leading i-enablers in the banking and finance sectors in Hong Kong and the mainland China. During the period under review, the Group has secured contracts from the China Construction Bank (“CCB”) as part of the bank's nationwide “Server Consolidation Direction” project. The Group was also entrusted with establishing the core banking system of the Agricultural United Bank and the setting up of a disaster recovery center and smart-card system for the Hunan Postal Savings Bureau. On the Internet banking side, the Group has signed a contract with Hua Xia Bank to build a nationwide Internet banking system. Apart from the above contracts, the Group has continued to secure contracts from major financial institutions such as the Bank of China, Industrial and Commercial Bank of China, China Merchants Bank and the Hangzhou Commercial Bank.

With a view to further expand and enhance the Group's existing systems integration business, particularly in the PRC and to improve the earnings base of the Group, the Group has acquired a 55% interest in Lightyear Enterprises Limited whose wholly owned subsidiary, Advanced Digital Technology Company Limited (“ADT”), is principally engaged in the provision of systems integration services and software development to the banking sector in the PRC. As a majority of the personnel at ADT are former management, marketing executives or technical staff of a leading systems integrator in the PRC, and most of them have participated considerably in systems integration projects for major banks in the PRC, the acquisition of ADT has brought to the Group one of the leading systems integration teams in the PRC. With this new force, the Group will strengthen its position as a leading banking systems integrator in the PRC and will be able to expand its systems integration services to the telecommunications, utilities and the public sectors in addition to the banking sector. The technical and business network brought along with this newly acquired team is also expected to help widen the Group's capabilities in the mainframe systems integration market.

#### e-Commerce Enabling

The Group acts as a complete e-commerce optimization partner for a range of cyberbanks, cybermalls, retailers and e-retailers, portals and online securities services. The Group has demonstrated strong capabilities in delivering e-commerce solutions to major enterprises, and is experiencing considerable growth in these operations.

The followings are some of the projects undertaken by the Group during the period:

i-Med2000. The Group has been engaged to build for i-Med2000 a pioneer B2B marketplace for the procurement of e-business among multiple healthcare providers and healthcare products suppliers. The first phase of the marketplace will consist of electronic platforms enabling bulk purchase of healthcare products by aggregating individual orders from clinics belonging to various medical groups.

Dah Sing Bank. The Group is building for the bank Hong Kong's first bank-hosted online credit card payment gateway with a shopping mall platform. This implementation also involves the deployment of artificial intelligent tools to allow merchants to gather information for real-time business analysis. It is expected that the project will be completed this month.

e-Net. The Group was commissioned to build a complete B2B2C marketplace for IT products, which includes a bazaar for e-procurement and self-service stores for e-commerce. The Group has successfully completed the assignment in only three months and today, e-Net has an average of 5,000 page views per hour. E-Net has agreed to purchase another 1000 store licenses for their eShops.

Apart from the Greater China region, the Group is expanding its e-commerce enabling operations to other parts of Asia. The Group is implementing a global cyber shopping mall for eWeb21, a Korea based multi-level marketing company which is preparing to launch its service centers in several countries including England, Japan, Australia and China. Another foothold in the region is the Group's B2B e-procurement consultation service to the Malaysian Cyber Village which is an Internet marketing consultant.

#### Public Sector Projects

The Group's strong grip in the areas of mobile computing and geographic information systems has been well received in the government sector.

We have successfully completed the Survey CartoCAD System for the Lands Department. Taking advantage of the latest technology, the Group tailor-made a menu-driven, object-oriented application that forms the basis of a graphic engine that can edit and draw survey maps while driving the survey computation process and customization gear at the same time.

In May this year, the Group enabled the introduction of the Performance Assessment Scoring System (BPASS) for the Housing Authority to enforce an objective, open and fair performance appraisal system for contractors and consultants. Since its launch, the Group has deployed this application to about 70 sites in two months.

The Group has also been appointed by the Labour Department as the IT training provider for the Youth Pre-employment Program (YPTP) from October 2000 to March 2001. The YPTP aims to enhance the employability of young school leavers aged between 15 to 19 by providing a wide range of employment-related training, workplace attachments, on-the-job training and counseling services. We will provide Internet, data center operation, GIS and help desk related courses to the trainees.

#### Investments

The Company was informed by ChinaCast Technology (BVI) Limited (“ChinaCast”), in which the Group has a 19.9% interest, that ChinaCast is in advance negotiations with several strategic and financial investors in respect of a possible placing of new shares in ChinaCast (the “ChinaCast Placing”) and that an agreement in respect of the ChinaCast Placing is expected to be entered into between the relevant parties within a short period of time. Should the ChinaCast Placing materialise, the Group's interest in ChinaCast will be diluted to approximately 13% immediately after the ChinaCast Placing.

The Company is in discussions with certain existing shareholders of ChinaCast for a possible acquisition of shares in ChinaCast (“Acquisition”) from such existing shareholders with a view to maintaining the Group's existing level of interest in ChinaCast should the ChinaCast Placing materialise. Based on the current discussions, the Group will acquire shares in ChinaCast representing approximately 10.8% of the issued share capital of ChinaCast for approximately US\$4.5 million. Should both the ChinaCast Placing and the Acquisition materialise, the Group's interest in ChinaCast will be restored to the existing 19.9%.

CCT is the technology and management partner of ChinaCast Co, Ltd, which has a contractual arrangement with China Telecom to provide the first nationwide satellite-based broadband Internet service in China.

#### PROSPECTS

The banking sector is still one of the fastest growing sectors in China and the sector is expected to generate considerable demands for systems integration and software development services. Apart from focusing on the major banks, the Group intends to leverage on its position as a leading enabler in China to expand its services to some of the medium-sized banks, an area which the Group believes to be of potential. As regards to existing customers, the CCB's nationwide “Server Consolidation Direction” project is expected to generate more contracts for the Group in the coming two years.

With the newly acquired systems integration team under ADT, the Group will strengthen its position as a leading banking enabler in China and will be able to expand its systems integration services to the telecommunications, utilities and the public sectors in addition to the banking sector. The technical and business network brought along with this newly acquired team is also expected to help widen the Group's capabilities in the mainframe systems integration market.

On the software development front, we are developing an in-house application that allows data to be transmitted through radio frequency, catered to public transport companies wishing to equip their fleets with on-screen entertainment and e-commerce capabilities. To further expand our clientele, we intend to put more resources in developing the insurance sector as we believe there are tremendous IT deployment opportunities for this sector in Hong Kong.

In respect of our software training operation, we have set up the first training center in Hong Kong specifically for its software training operation and have plans to open at least another one in the near future due to the increasing demand of our courses. It is also our plan to expand this service to mainland China. We have just completed a comprehensive study on the mainland software training market and are formulating strategies with a view to launching our training operation in China in the final quarter of this year.

We have built up positive momentum from the dedicated efforts we have put into growing various business domains. We view the remainder of 2000 with confidence.

#### APPLICATION OF PROCEEDS

The Company raised net proceeds of approximately HK\$72 million through a placing and new issue in June 1999. Further to the announcement of the Company dated 27 May 2000, the Group has used approximately HK\$4 million for research and development expenses in information technology business; and approximately HK\$700,000 for the development of the Group's own application software products. As at the date of this announcement, the Group has utilised a total of approximately HK\$57.2 million from the placing and new issue.

In January 2000, the Company received net proceeds of approximately HK\$112 million through another placement to institutional and professional investors. As at the date of this announcement, the Group has utilised a total of approximately HK\$75 million from the second placement as stated in the announcement of the Company dated 27 May 2000.

The remaining proceeds of the placing and new issue and the second placement are now placed on short term deposits with banks.

#### PURCHASE, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the six months ended 30 June 2000.

#### CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate the Company is not, or was not for any part of the six months ended 30 June 2000 in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except that the independent non-executive directors do not have specific terms of appointment but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's bye laws. In the opinion of the Directors, this meets the same objective as the Code of Best Practice.

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

By order of the Board  
**Chan Tze Ngon, Ron**  
Chairman

Hong Kong, 9 September 2000

\* for identification only