TECHNOLOGY VENTURE HOLDINGS LIMITED
（宏昌科技集團有限公司）*

(incorporated in Bermuda with limited liability)

(Stock code: 61)

Website: http://www.tvh.com.hk

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2005

RESULTS

The directors (the "Directors") of Technology Venture Holdings Limited (the "Company") hereby announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2005 together with comparative figures for the corresponding period in 2004 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Six months ended 30 June	
		2005	**2004**
		(unaudited)	**(unaudited)**
	Notes	*HK$'000*	*HK$'000*
TURNOVER	2	127,160	104,362
Cost of sales		(118,714)	(90,535)
Gross profit		8,446	13,827
Other income		913	658
Selling and distribution expenses		(4,022)	(4,440)
Administrative expenses		(17,913)	(19,839)
Other operating income		2,316	–
Other operating expenses		(439)	(241)
Impairment of goodwill		(20,602)	–
LOSS FROM OPERATIONS	3	(31,301)	(10,035)
Finance costs		(526)	(88)
LOSS BEFORE TAX		(31,827)	(10,123)
Tax	4	(773)	153
LOSS FOR THE PERIOD		(32,600)	(9,970)
ATTRIBUTABLE TO:			
Equity holders of the parent		(29,968)	(9,157)
Minority interests		(2,632)	(813)
		(32,600)	(9,970)
LOSS PER SHARE	5		
Basic (HK cents)		HK(5.96) ¢	HK(1.82) ¢
Diluted (HK cents)		N/A	N/A
DIVIDEND PER SHARE	6	NIL	NIL

* *For identification purpose only*

CONDENSED CONSOLIDATED BALANCE SHEET

	At 30 June 2005 (unaudited) HK$'000	At 31 December 2004 (audited) HK$'000
NON-CURRENT ASSETS		
Fixed assets	3,991	4,601
Deferred development costs	948	1,387
Interest in a jointly-controlled entity	104	104
Available-for-sale investments	81,775	–
Long term investment	–	66,681
Deposits	–	14,151
	86,818	86,924
CURRENT ASSETS		
Inventories	21,822	28,197
Accounts receivable	43,879	52,267
Prepayments, deposits and other receivables	52,655	50,019
Due from an investee company	1,356	23,045
Pledged time deposits	3,138	5,141
Cash and bank balances	46,463	79,857
	169,313	238,526
CURRENT LIABILITIES		
Accounts and bills payable	29,848	52,304
Tax payable	11,525	11,670
Accrued liabilities and other payables	75,927	79,953
Interest-bearing and secured bank loans	14,752	45,617
Current portion of finance lease payables	232	275
	132,284	189,819
NET CURRENT ASSETS	37,029	48,707
TOTAL ASSETS LESS CURRENT LIABILITIES	123,847	135,631
NON-CURRENT LIABILITIES		
Finance lease payables	152	254
Deferred tax	233	233
	385	487
	123,462	135,144
CAPITAL AND RESERVES		
Equity attributable to equity holders of the parent		
Issued capital	50,273	50,273
Reserves	71,367	80,417
	121,640	130,690
MINORITY INTERESTS	1,822	4,454
	123,462	135,144

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim accounts ("Interim Accounts") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting", issued by the Hong Kong Institute of Certified Public Accountants, and Appendix 16 of the Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation used in the preparation of the Interim Accounts are consistent with those used in the annual accounts for the year ended 31 December 2004 except that the Group has changed certain of its accounting policies following the adoption of new/revised Hong Kong Financial Reporting Standards ("HKFRS") and HKASs which are effective for accounting periods commencing on or after 1 January 2005. The changes to the Group's accounting policies and the effect of adopting these new accounting policies are set out in the notes below.

Impact of adopting new/revised HKFRSs and HKASs in 2005

The major and significant effects of the adoption of the new/revised HKFRSs and HKASs on the Group's accounting policies and amounts disclosed in the Interim Accounts are summarised as follows:

(i) The adoption of HKAS 1 "Presentation of Financial Statement" has effected the presentation of minority interests.

(ii) The adoption of HKFRS 2 has resulted in a change in accounting policy for employee share options and other share-based payments. Prior to this, the provision of share options and share-based payments to employees did not result in a charge to profit and loss account. Following the adoption of HKFRS 2, the fair value of share options and share-based payments at grant date are amortised over the relevant vesting periods to the profit and loss account.

However, the adoption of the HKFRS 2 has no material effect on the results for current nor prior accounting periods. Accordingly, no prior period adjustment is required.

(iii) In prior periods, goodwill arising on acquisitions prior to 1 January 2001 was held in reserves in the year of acquisition and was not recognised in the income statement until disposal or impairment of the acquired business.

Upon the adoption of HKFRS 3 and HKAS 36, goodwill arising on acquisitions is no longer amortised but 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 a subsequent period.

The transitional provision of HKFRS 3 have required the Group to eliminate at 1 January 2005 the carrying amounts of accumulated amortisation with a corresponding entry to the cost of goodwill. Goodwill previously eliminated against reserves remains eliminated against reserves and is not recognised in the income statement when all or part of the business to which the goodwill relates is disposed of or when a cash generating unit to which the goodwill relates becomes impaired.

(iv) In prior periods, the Group classified its investments in equity securities as long term investments which were held for non-trading purposes and were stated at cost less any impairment losses.

Upon the adoption of HKASs 32 and 39 these securities are classified as available-for-sale investments. Available-for-sale investments are those non-derivative investments in listed and unlisted equity securities that are designated as available-for-sale or are not classified in any of the other categories of financial assets as defined in HKAS 39. After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques.

When the fair value of unlisted equity securities cannot be reliably measured because (1) the variability in the range of reasonable fair value estimates is significant for that investment, or (2) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost.

The Group assesses at each balance sheet date whether there is any objective evidence that an available-for-sale investment is impaired as a result of one or more events that occurred after the initial recognition of the assets ("loss events"), and that the loss event has an impact on the estimated future cash flows that can be reliably estimated.

If there is objective evidence of impairment, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in the income statement. The amount of the loss recognised in the income statement shall be the difference between the acquisition cost and current fair value, less any impairment loss on that available-for-sale investment previously recognised in the income statement.

Certain comparative figures have been reclassified to conform with the current period's presentation.

2. Segment Information

(a) Business segments

The following tables present revenue and operating loss for the Group's business segments.

	Banking and finance systems integration services 2005 HK$'000	Software solution for banks and public sector 2005 HK$'000	Eliminations 2005 HK$'000	Consolidated 2005 HK$'000
Segment revenue:				
Sales to external customers	71,847	55,313	–	127,160
Intersegment sales	–	–	–	–
Interest income	376	31	–	407
Other income	387	–	–	387
Total	72,610	55,344	–	127,954
Segment results	(771)	(4,623)	–	(5,394)
Unallocated interest income				12
Unallocated gains				108
Unallocated expenses				(5,425)
Impairment of goodwill				(20,602)
Loss from operations				(31,301)

	Banking and finance systems integration services 2004 HK$'000	Software solution for banks and public sector 2004 HK$'000	Eliminations 2004 HK$'000	Consolidated 2004 HK$'000
Segment revenue:				
Sales to external customers	42,726	61,636	–	104,362
Intersegment sales	–	726	(726)	–
Interest income	5	183	–	188
Other income	178	–	–	178
Total	42,909	62,545	(726)	104,728
Segment results	898	(2,099)	–	(1,201)
Unallocated interest income				228
Unallocated gains				64
Unallocated expenses				(9,126)
Loss from operations				(10,035)

(b) Geographical segments

The following tables present revenue and operating loss for the Group's geographical segments.

	Hong Kong 2005 HK$'000	Elsewhere in the PRC 2005 HK$'000	Eliminations 2005 HK$'000	Consolidated 2005 HK$'000
Segment revenue:				
Sales to external customers	77	127,083	–	127,160
Intersegment sales	–	–	–	–
	77	127,083	–	127,160
Segment results**	(7,484)	(23,817)	–	(31,301)

	Hong Kong 2004 HK$'000	Elsewhere in the PRC 2004 HK$'000	Eliminations 2004 HK$'000	Consolidated 2004 HK$'000
Segment revenue:				
Sales to external customers	418	103,944	–	104,362
Intersegment sales	–	–	–	–
	418	103,944	–	104,362
Segment results**	(8,453)	(1,582)	–	(10,035)

** *Disclosed pursuant to the requirements of the Listing Rules*

3. Loss from operations

The Group's loss from operations is arrived at after charging/(crediting):

	Six months ended 30 June 2005 HK$'000	2004 HK$'000
Cost of goods sold	118,714	90,535
Depreciation	1,185	1,355
Amortization of deferred development costs	439	439
Impairment of goodwill	20,602	–
(Write-back)/provision for bad debts	(2,316)	241

4. Tax

	Six months ended 30 June 2005 HK$'000	2004 HK$'000
Hong Kong		
– overprovision in previous years	–	153
Elsewhere		
– underprovision in previous years	(615)	–
– current period	(158)	–
Tax (charge)/credit for the period	(773)	153

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (2004: NIL). 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.

5. **Loss per share**

The calculation of the basic loss per share is based on the unaudited net loss attributable to equity holders of the parent for the period of HK$29,968,000 (2004: Loss HK$9,157,000) and on the weighted average of 502,729,644 (2004: 502,136,677) ordinary shares in issue during the period.

Diluted loss per share amount for periods ended 30 June 2005 and 2004 have not been disclosed as the share option outstanding during these periods have an anti-dilutive effect on the basic loss per share.

6. **Interim dividend**

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2005 (2004: NIL).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

Turnover for Technology Venture Holdings Limited ("TVH" or the "Company") and its subsidiaries (collectively the "Group") in the first half of 2005 grew 22% to HK$127,160,000 from HK$104,362,000.

Gross profit fell 39% to HK$8,446,000 from HK$13,827,000 in 2004 as a result of fierce market competition during the period and gross profit margin was further narrowed to 7% from 13% in 2004 because of the squeeze in the profit margin caused by fierce competition.

Loss attributable to shareholders grew by 227% to HK$29,968,000 from a loss of HK$9,157,000 in 2004.

Review of Core Businesses

IT solutions and systems integration: TopAsia

TopAsia maintained its competitiveness in the banking and finance sector of China during the first half of the year through enhanced efficiency, quality services, comprehensive network and active cost control measures.

The Division's core business – the provision of repair and maintenance services to self-service banking facilities – was challenged when demand from postal ATMP software development fell drastically from the same period in 2004 and as several large clients had their facilities upgraded, the amount of repair and maintenance work was substantially reduced.

Nevertheless, the Division managed to achieve a comparable amount of after-sales order through its professional strengths, fast responses and dedicated services. New clients including of China Merchants Bank (CMB) Shenyang Branch and Bank of Communications Hangzhou Branch were successfully secured in the first half of the year.

At the annual tender of CMB, TopAsia secured the service provider qualification for Diebold automatic teller machines (ATMs), Siemens cash dispenser, and Siemens cash deposit machines (CDMs) and automatic enquiry machines (AEMs), therefore further strengthening the niche competitiveness of the Division with the most prolific solutions in the CMB system.

Regarding sales of self-service banking products, TopAsia continued to cooperate closely with renowned manufacturers such as NCR and Diebold to clinch supplier's contracts for ATMs, CDMs and AEMs with Shanghai Bank, City Commercial Bank Hangzhou Branch and Taizhou Branch, Bank of China Jiangsu Branch, Postal Bureau of Hubei, CMB Branches in Lanzhou, Shanghai and Guangzhou.

The partnership with the world's largest supplier for storage facilities EMC continued to bring benefits to TopAsia. Two new contracts were secured in the country's most thriving eastern region – the capacity expansion solution for Jiangsu Mobile Communications and the storage equipment contract for Fujian Development Bank.

The Division also provides information management and information warehousing protection services to banking and financial institutions, and is teaming up with the Shanghai Securities Central Clearing and Registration Corporation to conduct pilot tests on such services. It is expected that the Division will be able to undertake protection services for large-scale information warehousing systems.

TopAsia's cooperation with IT stalwart UTStarcom, the inventor of "Little Smart" (or Xiaolingtong) mobile services, continues to drive the market with a 15% growth in sales during the period under review, further strengthening the Division's status as the designated provider for its IPTV peripherals.

Software: Advanced Digital Technology

The Group's software vehicle, 55%-owned Advanced Digital Technology (ADT), continued to secure industry acclaim as a leading IT enterprise with niche strengths. A renowned computer publication Computer Partner World named ADT a top 100 solution provider, and most importantly, a top 10 financial solution provider among top 500 mainland computer corporations. It was also recognized as a grade "A" taxation creditworthy enterprise by State Taxation Bureau of the Beijing City.

As the China Construction Bank is actively marketing the "銀保通" services that offers insurance products over the bank counters, ADT has won the tender for the provision of "customer services managerial system, and "branch information platform" to a number of branches. ADT will continue to further capitalize on the opportunities arising from the Bank of Construction's "銀保通" services nationwide.

In addition, the Division also secured the tender to install a front end system for Shunde Rural Credit Society 順德農村信用社, marking its first inroad into the credit society segment and paving the way for further marketing and promotions to other rural credit societies.

Despite ADT's success in industry recognition and new projects, its core business – the provision of system integration services and software development – is beleaguered with a substantial influx of competitors into the marketplace, largely because of the low capital investment entry barriers. Fierce competition has been eroding ADT's pricing and gross profit margins for the past few years.

The newcomers have been putting a severe strain on the supply of experienced information technology specialists and qualified programmers in China's banking sector information. The resulting high staff turnover rate at ADT – some 34% and 44% respectively for the two years ended 31 December 2004 – inexorably undermined ADT's project delivery capacity, and such delayed completions were inevitably translated into additional costs and reduced gross margins.

Another challenge that ADT has to cope with is the higher capital requirement as its major customers, banks in China, have been demanding longer credit despite a shrinking turnover.

Online education: ChinaCast

In the reporting period, ChinaCast continued to be the Group's strategic satellite platform to permeate the education and training service sector in China, with the technological support of other TVH units. The division reported a 23.4% increase in net profit to RMB22,300,000 during the first half, largely driven by a 21% growth in student enrollment for the university distance learning segment and satisfactory stable performance for the K-12 distance learning and educational content solutions segment.

ChinaCast, recently ranked 186th among 615 listed companies in the Business Times Corporate Transparency Index in Singapore, has also signed a joint venture with Tsinghua Tongfang Co. Ltd. that has further added 20,000 students in six universities to ChinaCast's university distance learning portfolio.

The enterprise networking products and services segment, which commenced marketing operations at the end of first quarter of 2004, is moving ahead steadily. The joint venture project for the development of a post office communication network in Hunan and other adjacent provinces is progressing well.

ChinaCast also entered into a memorandum of understanding (MoU) with several School of Business and Technology Corp. ("CIBT") to deliver the educational programmes provided by these CIBT and their US academic partners throughout China, using ChinaCast's broadband satellite network. These CIBT will also develop selected courses to students at more than 300 ChinaCast training centers nationwide.

Outlook

Looking ahead, TopAsia will continue to capitalize its strengths in the self-service banking products to acquire more clients and more orders through enhanced services. More active marketing will be deployed to promote sales for NCR and Diebold products for the financial and postal sectors, especially Diebold ATMs and AEMs within the CMB system.

As financial enterprises in China have been experiencing phenomenal growth, the Division anticipates tremendous business development prospect for information warehousing and will continue to team up with relevant manufacturers to expand its presence in the sector with more applications.

Finally, TopAsia will further intensify its internal cost control management to increase capital utilization efficiency, and work towards passing the annual audit for the ISO9000 quality assurance certification in October.

On the software side, ADT plans to achieve the Ministry of Information's system integrator Level II qualification (it became a Level III enterprise in 2004). The relationship with rural credit societies is promising and may prove to be an area of quality. On the banking side, the Division's status as a designated provider to the Industrial and Commercial Bank has been further enhanced as there are fewer suppliers. It will also ride on China Construction Bank's implementation of "銀保通" services to gain more business orders.

However, as the operating environment of ADT becomes more difficult, the Group is considering various options as to the strategic development and future of ADT.

ChinaCast will continue to expand its customer base in different industry sectors. The latest success was the entry into China's energy sector through an agreement with Liaoning Xinsheng Digital Technology ("Liaoning Xinsheng") to provide a satellite-based supervisory control and data acquisition solution ("SCADA") for the Liaoning Rural Electricity project. There are also plans to extend the network to other provinces, such as Jilin and Inner Mongolia.

The energy sector is set to be a key potential growth area for ChinaCast. The contract with Liaoning Xinsheng is expected to contribute to the Group's annual results.

LIQUIDITY AND FINANCIAL RESOURCES

Net assets

At 30 June 2005, the Group recorded total assets of approximately HK$256,131,000 which were financed by liabilities of approximately HK$132,669,000 and total net asset to equity holders of the parent amounted to approximately HK$121,640,000. The Group's total net asset to equity holders of the parent as at 30 June 2005 decreased by 7% to approximately HK$121,640,000 as compared to approximately HK$130,690,000 as at 31 December 2004.

Liquidity

The Group had total cash and bank balances of approximately HK$49,601,000 as at 30 June 2005 (At 31 December 2004: approximately HK$84,998,000). After deducting bank loans and overdrafts of approximately HK$14,752,000 (2004: approximately HK$45,617,000), the Group recorded a net cash balance of approximately HK$34,849,000 as compared to that of approximately HK$39,381,000 as at 31 December 2004. As at 30 June 2005, the current ratio was 1.28 (At 31 December 2004: 1.26) and the gearing ratio was 0.12 (At 31 December 2004: 0.35) which was defined as the Group's interest-bearing and secured bank loans and finance lease payables over its equity attributable to equity holders of the parent.

Charges on assets

At 30 June 2005, fixed deposits of approximately HK$3,138,000 (At 31 December 2004: HK$5,141,000) were pledged to banks to secure banking facilities granted.

A bank loan facility to the extent of approximately HK$9,434,000 (At 31 December 2004: approximately HK$18,868,000) was secured by (i) a non-wholly owned subsidiary's trade receivables amounted to approximately HK$2,977,000 (At 31 December 2004: approximately HK$363,000) and; (ii) assets and unlimited personal guarantee provided by a non-wholly owned subsidiary's senior management.

Treasury policies

The Group generally finances its operations with internally generated resources and credit facilities provided by banks in Hong Kong. Subsidiaries in PRC use short-term borrowings in PRC to finance working capital, which amounted to HK$9,434,000 as at 30 June 2005. Borrowing methods used by the Group mainly include trust receipt loans, overdrafts and term loans. The interest rates of most of these are fixed by reference to the Hong Kong Dollar Prime Rate. Both bank deposits and borrowings are mainly in Hong Kong dollars and Ren Min Bi.

Contingent liabilities

At 30 June 2005, the Company had contingent liabilities in relation to guarantees given to banks in connection with facilities granted to certain subsidiaries amounting to approximately HK$20,000,000.

At 30 June 2005, the banking facilities granted to the subsidiaries were utilized to the extent of approximately HK$4,505,000.

The Group had no material contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance as some of current employees have achieved the required number of years of service to the Group, to the balance sheet date in order to be eligible for long service payments under the Hong Kong Employment Ordinance if their employment is terminated under certain circumstances.

Foreign exchange exposure

The Group mainly earns revenue and incurs costs in US dollars and Hong Kong dollars. Foreign exchange exposure of the Group is minimal as long as the policy of the Government of HKSAR to link the Hong Kong dollars to the US dollars remains in effect.

Post balance sheet event

On 19 August 2005, the Group entered into a sale and purchase agreement with an independent third party for the acquisition of 100% of the entire issued share capital of Acacia Asia Partners Limited ("Acacia") at the aggregate consideration of HK$13,000,000.

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

Employee and remuneration policies

As at 30 June 2005, the Group employed approximately 380 full time staff in the Mainland China and Hong Kong. The Group remunerates its employees based on their performance, working experience and the prevailing market price. Performance related bonuses are granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share option scheme.

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 2005.

REVIEW BY AUDIT COMMITTEE

The interim results have been reviewed by the Audit Committee.

CODE ON CORPORATE GOVERNANCE PRACTICES

None of the Directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by this report, in compliance with Appendix 14 of the Listing Rules of the Stock Exchange of Hong Kong Limited, except that the Company's Remuneration Committee, as a Committee of the Board, was approved and set up by the Board on 3 June 2005.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

Information that is required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on the web-site of the Stock Exchange of Hong Kong Limited in due course.

APPRECIATION

On behalf of the Directors, I would like to take this opportunity to thank our shareholders for their support and our staff for their hard work and achievements during the year. Their dedication empowers TVH to accomplish greater success in the coming year and beyond.

By order of the Board
Chan Tze Ngon
Chairman

Hong Kong, 13 September 2005

As at the date of this announcement, Mr. Chan Tze Ngon, Mr. Wu Emmy and Mr. Tang Kin Hung, are the Executive Directors of the Company, Dr. Lo Siew Kiong, John, Mr. Fu Yan Yan and Ms. Wang Xi Ling are the Independent Non-executive Directors of the Company.

"Please also refer to the published version of this announcement in International Herald Tribune."