



# TECHNOLOGY VENTURE HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Website: [www.tvh.com.hk](http://www.tvh.com.hk)

## ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 1999

**Results.** The directors of Technology Venture Holdings Limited (the "Company" which together with its subsidiaries, the "Group") hereby announce the audited consolidated results for the year ended 31 December 1999 together with the comparative figures for the corresponding period in 1998:

|   | Notes | 1999<br>HK\$ '000 | 1998<br>HK\$ '000 |
|---|-------|-------------------|-------------------|
| TURNOVER  |       | 350,298           | 251,490           |
| Cost of sales   |       | (248,118)         | (180,542)         |
| Gross profit  |       | 102,180           | 70,948            |
| Other revenue   |       | 4,432             | 940               |
| Distribution costs  |       | (17,564)          | (10,987)          |
| Administrative expenses   |       | (45,207)          | (32,678)          |
| PROFIT FROM OPERATING ACTIVITIES                                    |       | 43,841            | 28,223            |
| Finance costs   |       | (1,436)           | (443)             |
| PROFIT BEFORE TAX   |       | 42,405            | 27,780            |
| Tax   | 1     | (6,205)           | (4,771)           |
| PROFIT BEFORE MINORITY INTERESTS                                    |       | 36,200            | 23,009            |
| Minority interests  |       | (1,922)           | (30)              |
| NET PROFIT FROM ORDINARY ACTIVITIES<br>ATTRIBUTABLE TO SHAREHOLDERS |       | 34,278            | 22,979            |
| Dividends   |       | (12,936)          | (12,000)          |
| RETAINED PROFIT FOR THE YEAR  |       | 21,342            | 10,979            |
| EARNINGS PER SHARE  |       |                   |                   |
| Basic   | 2     | HK\$0.14          | HK\$0.11          |

### 1. TAX

|                               | 1999<br>HK\$ '000 | 1998<br>HK\$ '000 |
|-------------------------------|-------------------|-------------------|
| Group:                        |                   |                   |
| Hong Kong                     | 433               | 674               |
| Elsewhere                     | 5,580             | 3,664             |
| Rebate relating to prior year | (133)             | —                 |
| Deferred                      | 325               | 433               |
| Tax charge for the year       | 6,205             | 4,771             |

Hong Kong profits tax has been provided at the rate of 16% (1998: 16%) on the estimated assessable profits arising in Hong Kong during the year. 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.

### 2. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year ended 31 December 1999 is based on the net profit attributable to shareholders of HK\$34,278,000 and on the weighted average of 245,095,890 shares that would have been in issue throughout the year as if the Company had been the holding company of the Group since the beginning of the year.

The calculation of the basic earnings per share for the year ended 31 December 1998 is based on the net profit attributable to shareholders of HK\$22,979,000 and on the 210,000,000 shares in issue immediately preceding the placing and new issue of 70,000,000 shares on 2 July 1999 pursuant to the share offer in connection with the listing.

Dilutive earnings per share is not presented as there is no dilutive effect on the reporting years.

**Dividends.** The directors recommended the payment of a final dividend of HK2.8 cents per share in respect of the year (1998: Nil), payable on or before Thursday, 29 June 2000 in cash to shareholders whose names appear on the register of members of the Company on 16 June 2000.

**Closure of Register of Members.** The register of members of the Company will be closed from Monday, 12 June 2000 to Friday, 16 June 2000 (both days inclusive) and during which period no transfer of shares will be effected.

In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates should be lodged with the Company's share registrar, Tengis Limited, 1601, Hutchison House, 10 Harcourt Road, Hong Kong not later than 4:00 p.m. on Friday, 9 June 2000.

**Review of Performance.** The Group achieved 39% growth in turnover to HK\$350,298,000 (1998: HK\$251,490,000) and 49% growth in net profit attributable to shareholders to HK\$34,278,000 (1998: HK\$22,979,000) in year 1999. e-Commerce and government projects have provided considerable impetus for the registered growth, while the banking enabling operation continued to bring steady and recurrent income to the Group.

## Review of Operations

**Banking Enabling.** By being focused and engaging in active development, the Group has become one of the leading i-enablers in the banking and finance sectors of Hong Kong and the mainland China. The Group has a strong customer portfolio supported by its solid experience accumulated through years of work in the area. It has brought to the banking sector not only state-of-the-art but the best-of-breed technologies from around the world, and has packaged these solutions in some of the best boxes in the industry.

The Group has made remarkable progress in i-enabling the banking and finance sector in the past years. For two consecutive years, the Group has been entrusted by the Bank of China to build its Credit Card Authorisation Centre. In order to keep pace with its rapidly growing credit card business and to bring more convenience to its overseas customers, Bank of China awarded another contract to the Group last year to perk up the bank's overseas branches, the first move of the Bank of China in this direction.

The Group has also won a contract from Shenzhen Development Bank for the building of its International Credit Card Issuing and Authorisation Centre. The Group will continue to capitalise on its TopBank system to strengthen its leading position in banking enabling.

To complement its banking solutions, the Group has also developed and is a leading provider of a line of peripheral financial products, including ATM systems, point-of-sales systems, credit card authorisation systems and cash sorters in China. In the past year, the Group was awarded a contract for the management of the ATM network of the Guangdong Branch of the Bank of China.

**e-Commerce Enabling.** The Group acts as a complete e-commerce optimisation partner for a range of cyberbanks, cybermalls, retailers and e-tailers, portals and online securities services.

The Group is one of the most experienced cybermall enablers in Hong Kong. It constructed for two telecoms giants, HKT and CTI, cybermalls that are some of the very first in the territory. In the past year, the Group was entrusted to work on a number of exciting cybermalls and e-commerce projects in both Hong Kong and China. Our clients, which represent some of the forerunners in e-commerce, include StarEastNet.com, renren.com, Lane Crawford, Dah Sing Bank, PSINet and eNet.

Dah Sing Bank's total end-to-end e-commerce system for both merchants and customers is one prime example of the Group's strength and capability in e-commerce enabling. We created for Dah Sing Bank Hong Kong's first bank-hosted online credit card payment gateway together with a shopping mall platform.

The Group has also successfully transformed show-biz to e-biz by running a leading-edge e-commerce platform for StarEastNet.com. The Group created the infrastructure to support its e-commerce initiatives, including the e-mall, e-auction and e-ticket functions.

The Group has been vigorously marketing its e-commerce models in China, and was awarded an exciting project in March 2000 by eNet China Inc, which is funded by a venture capital that is 50% owned by Goldman Sachs. The Group is working to build a complete B2B2C marketplace for IT products, which includes a bazaar for e-procurement and self-service stores for e-commerce.

**Public Sector Projects.** Public sector's demand for IT products and services is one area of strong growth, and is sought after by many IT companies. The Group was successful in capturing this trend last year and gained important projects from various government departments, including the Housing Authority, Lands Department and the Information Technology Services Department.

One such example is the Performance Assessment Scoring System (PASS) for the Housing Authority. The Group enabled the introduction of PASS 2000 to further enhance the representativeness and coverage of this objective performance appraisal system for contractors and consultants.

The CartoCAD system developed by the Group for Lands Department is another technological innovation being customised for everyday use. The Group helped the Lands Department to create a brand new CAD environment for their current users. 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 customisation gear at the same time.

The Group seeks to unlock the tremendous commercial value of these government projects by productising and customising them for deployment in other sectors.

**Investments.** The Group's 19.9% interests in ChinaCast Technology (BVI) Limited ("CCT") provide its shareholders an opportunity to participate in and benefit from the mushrooming Internet market in China. CCT is the technology and management partner of ChinaCast China Co, Ltd, who will join hands with China Telecom to launch in June 2000 Turbo 163, the first nationwide satellite-based broadband Internet service in China.

The directors were informed by CCT that CCT is in advance negotiations with several strategic and financial investors in respect of a possible placing of new shares in CCT and that CCT has received preliminary indications in respect of the placing from certain of these potential investors. The directors were also informed that under the current indications, the valuation of CCT is approximately between US\$80-100 million and CCT is to raise approximately US\$30 million by issuing new shares equivalent to approximately 30 per cent. of the issued share capital of CCT as enlarged by the placing. As such, the Company's interest in CCT will be diluted to approximately 13.9 per cent. as a result of the placing. As stated in the announcement of the Company dated 13 January 2000, it is the intention of the Company to make further investment in CCT to maintain its shareholding in CCT if such placing is materialised. Based on the current terms and a valuation of CCT of US\$100 million, the directors estimate that a further investment by the Company in CCT of approximately US\$6 million will be made in order to maintain its shareholding in CCT. However, the directors wish to state that such further investment in CCT might or might not materialise.

**Vision and Strategies for the Future.** The Group will continue to remain focused in niche markets and business lines, while at the same time, seek new growth opportunities through participating as an investor and a joint operator.

For the immediate term, our huge customer base and a large reserve of home-grown software products and systems will provide for our recurrent income. A potential line of business is datamining. By enabling the Group's customers, such as the Federal Express, to track, process, categorise and analyse important customer information, the Group helps these companies develop marketing strategies to ensure long-term success. The Group also intends to tap further into the burgeoning banking sector with an additional point of focus - business intelligence.

The deployment of information technology is an irreversible trend. To prepare traditional businesses to get onto the

train of the New Economy, we started in May 2000 a new joint venture, TopTrain Limited, with Bombay-listed SSI Ltd, to extend our interests into IT education.

The Group has a remarkable performance in data communications in the past. The Group intends to re-enter the business in the near future. Under the current intention, such re-entry into the data communications business may be accomplished by building a new team internally or through acquisition of companies which have proven track record in the field. The Group's management is committed to developing this line of business with great confidence of success.

Our blueprint for the future will map out how the Group i-enable a range of Old and New enterprises, how the Group contribute to the New Economy and profit from it. The Group is striding into the new year and a new era with full confidence.

**Application of Proceeds.** The Company raised net proceeds of HK\$72.1 million through a placing and new issue in June 1999. The net proceeds have been applied up to the date of this announcement as follows:

- approximately HK\$7 million for research and development expenses in information technology business;
- approximately HK\$3.5 million for the development of the Group's own application software products;
- approximately HK\$5 million for the expansion of the Group's business in the provision of computer technology services;
- approximately HK\$5 million to set up a benchmarking centre in Beijing for banking enabling operations;
- approximately HK\$3 million to set up two representative offices in China;
- approximately HK\$1 million to expand the Group's marketing network in China;
- approximately HK\$0.5 million for the application of ISO9001 certification for its e-commerce enabling operations; and
- approximately HK\$27.6 million as general working capital of the Group.

In January 2000, the Company raised a further HK\$120 million through another placement to institutional and professional investors. The proceeds have been applied as follows:

- approximately HK\$15 million for the expansion of e-commerce business; and
- approximately HK\$60 million as general working capital of the Group.

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

**The Year 2000 Issue.** The Year 2000 problem arose primarily because computer data storage had been expensive in the past and, therefore, most system engineers tended to use only two digits to represent the year in databases so as to save storage space. As technology advanced, the production cost of the data storage space decreased and hence the more recently developed products in the market were typically fully Year 2000 compliant. Both the Group's distribution of computer hardware and software products are made according to specifications which are agreed by the customers. The Group has provided upgrade services for Year 2000 compliance to its customers where such needs have arisen. The Group has not encountered any difficulty in providing upgrade services to its customers in the past. The Group is not responsible for products distributed by it not being Year 2000 compliant if they are not specified to be so. In any event, as the warranty of products is provided by the Group's suppliers, if the products distributed by the Group fail to be Year 2000 compliant, the Group will not assume any risk in this respect and it should be protected by a back-to-back indemnity from its suppliers who will be responsible for the potential liabilities.

The Group's internal computer systems are primarily used for office automation only and do not contain mission critical applications and therefore, the Year 2000 compliance issue potentially has a minimal impact on the Group's operations. The Group conducted an assessment on its internal computer systems and spent approximately

HK\$300,000 to upgrade its office equipment. The Group confirmed that its internal computer systems are Year 2000 compliant.

**Purchase, Redemption or Sale of Listed Securities of the Company.** Other than in connection with the Company's initial public offering, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

**Code of Best Practice.** In the opinion of the directors, the Company complied with the Code of Best Practice, as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), throughout the accounting period covered by this report, except that the independent non-executive directors of the Company were not appointed for specific terms but were subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's bye-laws.

**Board Changes.** The directors are pleased to announce that Mr. Chow Siu Lam, Cliff was appointed as an executive director of the Company with effect from 17 April 2000 and that on the same date, Mr. Leung Yat Chuen, Kennard resigned as an executive director of the Company. The directors are thankful to him for his contribution over the years.

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

Hong Kong, 27 May 2000