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TECHNOLOGY VENTURE HOLDINGS LTD :
IT LOOKS AS THOUGH IT COULD BE A WINNER

The *'Substantial Shareholders'* of publicly listed Technology Venture Holdings Ltd (Code: 61) pocketed about $HK40 million, net of expenses, by selling out about 11 percent of their shareholdings in the Company.

This is just one of the interesting aspects of the first published Annual Report of this Company which only went public on The Stock Exchange of Hongkong Ltd on June 22, 1999.

Page 56 of the 1999 Annual Report of Technology Venture states, under Note 29:

> *'In the opinion of the directors, the ultimate holding company of the Company at the balance sheet date was Clear Goal* (Holding Ltd*). Following the completion of the placing and subscription agreement, Clear Goal's shareholding in the Company was reduced from 51% to 40%. Accordingly, the Company ceased to have an ultimate holding company from 13 January 2000.'*

Information, with regard to the reference of *'the placing and subscription agreement'*, is contained on Page 51 of the Annual Report. It reads:

> *'Subsequent to the balance sheet date, on 10 January 2000, the Company entered into a placing and subscription agreement with Clear Goal Holding Limited ("Clear Goal"), which was the Company's then ultimate holding company, and an independent placing agent. According to this agreement, Clear Goal agreed to place 56,000,000 existing ordinary shares of HK$0.10 each in the share capital of the Company at a price of HK$2.90 per share to the independent placing agent, and thereafter subscribed for 42,000,000 new shares of HK$0.10 each in the Company also at a price of HK$2.90 per share … The Net Proceeds of the new issue of approximately HK$120 million were partly used for the expansion of the Group's e-commerce business, Internet business and were partly used as additional working capital.'*

By simple arithmetic, therefore, it is clear that Clear Goal enjoyed a deficit of 14 million Technology Venture shares, at the end of the day -- the difference between the number of shares that it placed with the placing agent and the number of new Technology Venture shares to which it subscribed -- and when this figure of 14 million shares is multiplied by the factor of $HK2.90 per share, it is clear that the shareholders of Clear Goal went all the way to their bankers -- with a little $HK40.60-million nest egg in their hands.

Clear Goal, according to the Prospectus of Technology Venture, at Page 62, is/was owned by the following parties:

1. As to 62 percent by Mr Ron Chan Tze Ngon, Chairman of Technology Venture;
2. As to 23 percent by Mr Paul Yeung Po Lam, a Founder of Technology Venture, who is no longer an active partner in the Company's operations; and,
3. As to 15 percent by Mr Terence Luk Chung Po, Vice Chairman of Technology Venture.

Messrs Ron Chan and Terence Luk continue to be the Chairman and Vice Chairman, respectively, according to the 1999 Annual Report of the Company.

When Technology Venture put out its Prospectus on June 22, 1999, it collected about $HK72.10 million by Placing and issuing 70 million shares in the Issued and Fully Paid-Up Share Capital of the Company.

That money, which was raised, was, supposedly, earmarked for research and development, development of products, and $HK27.60 million to be tipped into the Working Capital Account.

Page 70 of the Prospectus states that the Company was forecasting a Net Profit Attributable to Shareholders After Minority Interests but before Extraordinary Items of not less than $HK32 million for the Financial Year, ended December 31, 1999.

In fact, the Company was good to its word and turned in a Net Profit Attributable to Shareholders After Minority Interests but before Extraordinary Items of about $HK34.28 million.

With Current Assets at about $HK245.20 million, with Current Liabilities at about $HK148.58 million, and with Cash and Bank Balances, standing at about $HK28.19 million, as at December 31, 1999, the 1999 Balance Sheet Date, it would appear that the Company was on a very solid financial footing.

Therefore, it would appear, prima facie, that Technology Venture was not in any dire need of additional working capital.

As for the other excuses, used to raise the $HK120 million by the issuance of more new shares in the Issued and Fully Paid-Up Share Capital of the Company, were not they the reasons that were used, in part if not in whole, when the Company sought a listing on The Stock Exchange of Hongkong Ltd?

It would appear to TARGET that one of the main and guiding reasons for the 42-million, new Share Placement in the Issued Share Capital of Technology Venture was to allow the Chairman and the Vice Chairman, plus the Founder, Mr Paul Yeung Po Lam, to receive a $HK40-million *'bonus'*.

The rest of the excuses appear to be garbage and a lot of waffle.

If TARGET be incorrect, then for what reason did not the Company just pitch a Rights Issue and have done with it?

Conversely, for what reason did not the Company just place 42 million new shares with the Placing Agents without the need of the convoluted sale and partial share buy-back arrangement through Clear Goal of its shares?

Page 11 of the 1999 Annual Report states that, in fact, only $HK15 million ... **CLICK TO ORDER FULL ARTICLE**