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HANTEC INVESTMENT HOLDINGS LIMITED **亨達國際控股有限公司***

(incorporated in Bermuda with limited liability)

CONNECTED TRANSACTION

On 10 June 2003, the Subsidiary and the Vendor entered into the S&P Agreement, pursuant to which the Subsidiary agreed to acquire 20% of the issued share capital of Cosmos from the Vendor and the Vendor agreed to sell 20% of the issued share capital of Cosmos to the Subsidiary, for a cash consideration of HK\$6 million. Cosmos is principally engaged in the provision of brokerage business of foreign exchange, currency funding and foreign exchange swaps in Taiwan.

The Directors consider that the Acquisition provides the Group with a good opportunity to develop its business operations in Taiwan and to enhance its overall competitiveness in foreign exchange brokerage business. The Directors (including the independent non-executive Directors) consider that the terms of the S&P Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group and fair and reasonable so far as the Independent Shareholders are concerned.

As the Vendor is the controlling shareholder of the Company and the Subsidiary is an indirect wholly-owned subsidiary of the Company, the S&P Agreement constitutes a connected transaction of the Company under Rule 14.25 of the Listing Rules. Since the consideration under the S&P Agreement is less than the higher of HK\$10,000,000 or 3% of the consolidated net tangible asset value of the Group as disclosed in its then latest published financial statements, the S&P Agreement will only be subject to the disclosure requirement under Rule 14.25(1) of the Listing Rules. Relevant details of the S&P Agreement will be included in the next annual report and accounts of the Company pursuant to Rule 14.25(1) (A) to (D) of the Listing Rules.

THE S&P AGREEMENT

Background

On 10 June 2003, the Subsidiary and the Vendor entered into the S&P Agreement pursuant to which the Subsidiary conditionally agreed to acquire the Vendor's entire shareholding in Cosmos, being 20% of the issued share capital of Cosmos, for a cash consideration of HK\$6 million. Cosmos is principally engaged in the provision of brokerage business of foreign exchange, currency funding and foreign exchange swaps in Taiwan.

Principal terms of the S&P Agreement

Vendor : the Vendor

Purchaser : the Subsidiary

Asset to be acquired : 20% of the issued share capital of Cosmos

Consideration : HK\$6 million in cash

Information about Cosmos

Cosmos is principally engaged in the provision of brokerage business of foreign exchange, currency funding and foreign exchange swaps in Taiwan. Immediately before the completion of the S&P Agreement, Cosmos is owned as to 20% by the Vendor and the remaining equity interests are owned by independent third parties which are not connected persons of the Company (as defined in the Listing Rules).

Foreign exchange brokerage business in Taiwan is under the supervision of Ministry of Finance in Taiwan, and a special business licence is required for companies carrying out foreign exchange brokerage business in Taiwan. Cosmos is one of the two companies holding foreign exchange brokerage licence in Taiwan as of the date of this announcement. Cosmos obtained the relevant licence and commenced foreign exchange brokerage business in May 1998, and it reported profits (both before and after taxation) for the past two financial years. The customers of Cosmos are financial institutions and banks in Taiwan.

According to the audited financial reports of Cosmos prepared in accordance with generally accepted auditing standards in Taiwan, Cosmos reported a net profit before taxation of approximately NT\$9,847,000 (equivalent to approximately HK\$2,188,000) and a net profit after taxation of approximately NT\$10,851,000 (equivalent to approximately HK\$2,411,000) for the year ended 31 December 2002. Cosmos reported a net profit before taxation of approximately NT\$6,405,000 (equivalent to approximately HK\$1,423,000) and a net profit after taxation of approximately NT\$4,244,000 (equivalent to approximately HK\$943,000) for the year ended 31 December 2001. In addition, Cosmos had net asset value of approximately NT\$99,927,000 (equivalent to approximately HK\$22,206,000) and approximately NT\$89,075,000 (equivalent to approximately HK\$19,794,000) as at 31 December 2002 and 31 December 2001 respectively.

Consideration

Pursuant to the S&P Agreement, the Subsidiary will pay a consideration of HK\$6 million in cash to the Vendor for its 20% shareholding in Cosmos. The consideration will be satisfied by internal resources of the Group. The Directors believe that the terms of the S&P Agreement were negotiated on an arm's length basis between the Vendor and the Subsidiary and on normal commercial terms. The consideration to be paid by the Subsidiary under the S&P Agreement was determined by reference to the valuation carried out by BMI Appraisals Limited on the fair market value of 100% equity interests of Cosmos by the income approach and the market approach, which

was HK\$30,000,000 as at 31 March 2003. The income approach is the conversion of expected periodic benefits of ownership into an indication of value while the market approach considers prices recently paid for similar assets, with adjustment made to market prices to reflect condition and utility of the appraised assets relative to the market comparative. BMI Appraisals Limited is an independent third party which is not connected person of the Company (as defined in the Listing Rules).

Conditions of the S&P Agreement

Completion of the S&P Agreement is conditional upon:

- (a) the Subsidiary being satisfied at its sole and absolute discretion with the results of due diligence review of the assets, liabilities, operations and affairs of Cosmos;
- (b) the warranties under the S&P Agreement remaining true and accurate in all aspects; and
- (c) all necessary approvals, consents, authorisations and licences in relation to the transfer of the 20% of the issued share capital of Cosmos having been obtained, including but not limited to the relevant Taiwan government authorities approving the change in the shareholding of Cosmos.

The Subsidiary may waive any of the above conditions by giving written notice to the Vendor. In the event that any of the above conditions is not fulfilled or waived by the Subsidiary by giving written notice to the Vendor on or before 12:00 noon on 31 July 2003, the S&P Agreement shall become void and neither party shall have any obligations and liabilities hereunder, save for the obligations of confidentiality, costs and any antecedent breach of the terms thereof, which shall remain full force and effect.

Completion of the S&P Agreement

Completion of the S&P Agreement is conditional and is expected to take place on or before 31 July 2003.

REASONS FOR THE ACQUISITION

The Group is principally engaged in the businesses of leveraged foreign exchange trading, securities broking, commodities broking, corporate financial advisory, asset management, bullion and precious metal trading, and personal financial planning services in Hong Kong.

In view of the facts that (i) Cosmos is one of the two licensed foreign exchange brokerage houses in Taiwan, (ii) Cosmos has been carrying out the businesses of foreign exchange brokerage since May 1998, (iii) Cosmos reported net profits (both before and after taxation) for the past two financial years, and (iv) the Group intends to develop its business in the Greater China Region, the Directors consider that the Acquisition provides the Group with a good opportunity to develop its business operations in Taiwan and to enhance its overall competitiveness in foreign exchange brokerage business by attracting more clients in Taiwan.

The Directors (including the independent non-executive Directors) consider that the terms in respect of the Acquisition are on normal commercial terms, in the ordinary and usual course of business of the Group and fair and reasonable so far as the Independent Shareholders are concerned.

GENERAL

As the Vendor is the controlling shareholder of the Company and the Subsidiary is an indirect wholly-owned subsidiary of the Company, the S&P Agreement constitutes a connected transaction of the Company under Rule 14.25 of the Listing Rules. Since the consideration under the S&P Agreement is less than the higher of HK\$10,000,000 or 3% of the consolidated net tangible asset value of the Group as disclosed in its then latest published financial statements, the S&P Agreement will only be subject to the disclosure requirement under Rule 14.25(1) of the Listing Rules. Relevant details of the Acquisition will be included in the next published annual report and accounts of the Company pursuant to Rule 14.25(1) (A) to (D) of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context otherwise requires:

- “Acquisition” : the acquisition of 20% of the issued share capital of Cosmos by the Subsidiary from the Vendor pursuant to the S&P Agreement
- “associate(s)” : has the meaning ascribed in the Listing Rules
- “Company” : Hantec Investment Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
- “Cosmos” : 元太外匯經紀股份有限公司 (Cosmos Foreign Exchange International Co., Ltd.), a company incorporated in Taiwan with limited liability and 20% of its issued share capital is owned by the Vendor
- “Director(s)” : the director(s) of the Company
- “Group” : the Company and its subsidiaries
- “Greater China Region” : the People’s Republic of China, Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
- “Hong Kong” : Hong Kong Special Administrative Region of the People’s Republic of China
- “Independent Shareholders” : shareholders of the Company other than the Vendor and its associates
- “Listing Rules” : the Rules Governing the Listing of Securities on the Stock Exchange
- “S&P Agreement” : an agreement dated 10 June 2003 entered into between the Subsidiary and the Vendor in relation to the Acquisition
- “Stock Exchange” : The Stock Exchange of Hong Kong Limited
- “Subsidiary” : New Wish Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company
- “Vendor” : Hantec Holdings Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company

“HK\$” : Hong Kong dollars, the lawful currency of Hong Kong
“NT\$” : New Taiwan dollars, the lawful currency of Taiwan
“%” : per cent.

By Order of the Board
Hantec Investment Holdings Limited
Tang Ping Sum
Executive Director

Hong Kong, 10 June 2003

For reference only, an exchange rate of NT\$4.5:HK\$1 is used for amounts expressed in NT\$ in this announcement.

* *For identification purpose only*

Please also refer to the published version of this announcement in The Standard.