

**MAJOR TRANSACTION** 

# Management Investment & Technology (Holdings) Limited (Incorporated in Bermuda with limited liability)

## MAJOR AND CONNECTED TRANSACTIONS PLACING OF NEW SHARES SUBSCRIPTION OF NEW SHARES

### JOINT ANNOUNCEMENT

- The respective directors of Founder and MIT announce that the Sale and Purchase Agreement in respect of the Acquisition was entered into on 17th May, 2000. Pursuant to the Sale and Purchase Agreement, and subject to satisfaction or waiver of the Conditions, MIT shall acquire 100% interest in Founder Data, a company engaging in providing internet advertising agency service, business-to-business platform to media industry and e-commerce solutions and development, from the Vendors. The consideration amounts to HK\$439,560,000 and is to be satisfied by the issuance of a total of 439,560,000 Consideration Shares at HK\$1.00 each by MIT to each of the Vendors or their respective nominees in such numbers approximately proportionate to their respective shareholdings in Founder Data.
- The Acquisition constitutes a major transaction for Founder and a major and connected transaction for MIT under the Listing Rules.
- MIT has entered into the Equity Transfer Agreement with Yahoo! under which Yahoo! will sell 100% interest in Datacom to MIT and Yahoo! will receive 93,240,000 Equity Transfer Shares at HK\$1.00 each as consideration. The Equity Transfer constitutes a major and connected transaction for MIT under MIT has also entered into Placing Agreements and Subscription Agreements under which MIT will respectively issue an aggregate of 75,560,000 Shares to certain institutional and individual investors and an aggregate of 31,000,000 Shares to Founder and Mr. Cheung at HK\$1.00 each.
- Upon the issuance of the Consideration Shares, the Equity Transfer Shares, the Placing Shares and the Subscription Shares, the shareholding interest of Founder and parties acting in concert with it in MIT will be approximately 57.6%. Under the Takeovers Code, unless a waiver is obtained, Founder and parties acting in concert with it will be obliged to make an unconditional general offer to acquire all the Shares other than those already owned by Founder and parties acting in concert with it.
- An application will be made by Founder and its concert parties to the Executive for the Whitewash Waiver, which will be subject to the approval of the independent shareholders of MIT on a vote taken by way of a poll. The Executive may or may not grant the Whitewash Waiver.
- The Disposal Agreement and the Management Agreement (including the Possible Disposal), in aggregate, constitute a major and connected transaction for MIT under the Listing Rules. The Disposal and the Possible Disposal constitute "Special Deals" under Rule 25 of the Takeovers Code which will require the consent of the Executive under Note 4 to Rule 25 of the Takeovers Code and the approval of shareholders of MIT taken on a poll who are not involved in or interested in those transactions

BOCI Asia is the financial adviser to Founder.

### THE SALE AND PURCHASE AGREEMENT

### Date 17th May, 2000

**Parties** 

Founder Electronics, F2 Consultant and the Other Founder Data Shareholders

(1) Purchaser

Founder (which joined as a party to provide undertakings to MIT (i) as to the carrying on of certain software and internet business after the Completion (as further described below) and (ii) to procure that Founder Electronics complies with its obligations under this agreement)

## The Acquisition

Consideration

The entire issued share capital of Founder Data will be acquired by MIT from the Vendors

The consideration payable by MIT pursuant to the Acquisition amounts to HK\$439.56 million which was determined on the basis of arm's length negotiations with reference to the future prospect and the potential of the business of the Founder Data Group. The consideration is to be satisfied by the issue of the Consideration Shares to the Vendors or their respective nominees by MIT. Valuation on the Founder Data Group will be performed by an independent professional valuer and will be disclosed in the circular to be posted to MIT's shareholders and Founder's shareholders. **Consideration Shares** 

The Consideration Shares, when issued, will rank pari passu in all respects with the Shares then in issue including the right to receive any dividend declared, made or paid on and after Completion. The Consideration Shares represent about 247.50% of the existing issued share capital of MIT, about 61.87% of the issued share capital of MIT as enlarged by the issuance of the Consideration Shares and the Equity Transfer Shares but before the proposed Placing and the Subscription, and about 53.80% of the issued share capital of MIT as enlarged by the issuance of the Consideration Shares, the Equity Transfer Shares, the Placing Shares and the Subscription Shares.

The issue price of HK\$1.00 per Consideration Share (to be credited as fully paid) represents (i) a discount of about 28.6% to the closing price of HK\$1.40 per Share as quoted on the Stock Exchange as at 4th May, 2000, being the last trading day prior to this announcement; (ii) a discount of about 26.6% to the average closing price of HK\$1.006 per Share as quoted on the Stock Exchange from 18th April, 2000 to 4th May, 2000, the last ten trading days prior to this announcement; (iii) a premium of about 2.6% to the audited consolidated net asset value of MIT as at 31st December, 1998 of approximately HK\$0.975 per Share and (iv) an approximately 4.9% discount to the audited consolidated net asset value per Share of approximately HK\$1.051 as at 31st December, 1999.

### Conditions of the Sale and Purchase Agreement

Completion of the Sale and Purchase Agreement is conditional upon:

if dealings in the Shares are required to be suspended following the execution of the Sale and Purchase Agreement, MIT obtaining written confirmation from the Stock Exchange that the application for a lifting of such suspension will not be treated by the Stock Exchange as if it were an application for listing from a new applicant;

- completion of the formation of the corporate structure of the Founder Data Group as contemplated under the Sale and Purchase Agreement completion to the satisfaction of MIT of its due diligence review of the corporate status, the business and the financial conditions of the Founder Data Group;
- completion to the satisfaction of the Vendors of their due diligence review of the corporate status, the business and the financial conditions of the MIT Group; (iv)
- approval by the shareholders of Founder of the sale by Founder Electronics of its shareholding in Founder Data to MIT in consideration of an issue of 307,690,000 Consideration Shares (being part of the total of 439,560,000 Consideration Shares, and is approximately proportionate to the percentage shareholding of Founder Electronics in Founder Data) contemplated under the Sale and Purchase Agreement at a duly convened and held general meeting of Founder; (v)
- passing of an ordinary resolution by the shareholders of MIT approving the increase in the authorised share capital from HK\$50,000,000 to HK\$300,000,000 to HK\$300,000,000 to HK\$300,000,000 to HK\$300,000,000 to HK\$300,000,000 to HK\$300,000,000 to HK\$300,000 to HK\$300,000,000 to HK\$300,000 to HK\$300,000,000 to HK\$300,000 to HK\$300,000,000 to HK\$300,000 to approval by the independent shareholders of MIT of (a) the acquisition by MIT of Founder Data; and (b) allotment of the Consideration Shares to the Vendors (or as each of them may direct) in such numbers approximately proportionate to their respective shareholdings in Founder Data; and (c) all other transactions contemplated under the Sale and Purchase Agreement at a duly convened and held general meeting of MIT;
- approval by the independent shareholders of MIT of the transactions contemplated under the Disposal Agreement and the Management Agreement at a duly convened and (viii) held general meeting of MIT; (ix)
- the passing of an ordinary resolution taken on a poll by the shareholders of MIT by an independent vote (within the meaning of Note 1 of the Notes on dispensation from Rule 26 of the Takeovers Code or as may be required by the Executive) approving a waiver of the obligation on Founder Electronics, F2 Consultant and the Other Founder Data Shareholders or any of them and parties acting in concert with them to make a mandatory offer for all the Shares under Rule 26 of the Takeovers Code as a result of the issue of Consideration Shares to the Vendors and the Executive granting such a waiver; the Executive having given his consent to the disposal by MIT to Ricwinco of shares in and indebtedness due from MITI pursuant to the Disposal Agreement and (upon
- satisfaction of certain conditions) of shares in Yung Wen pursuant to the Management Agreement under Rule 25 of the Takeovers Code and the passing of an ordinary resolution by the shareholders of MIT who are not involved in or interested in the transactions, and taken on a poll approving the said disposals as required under Note 4 to Rule 25 of the Takeovers Code;
- the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Consideration Shares;
- (where required) the Bermuda Monetary Authority granting its permission to the issue and allotment of the Consideration Shares;
- all the warranties given by the Vendors in the Sale and Purchase Agreement being true and correct in all material respects as at the date of Completion by reference to the facts and circumstances subsisting as at that date;
- all the warranties given by MIT in the Sale and Purchase Agreement being true and correct in all material respects as at the date of Completion by reference to the facts and circumstances subsisting as at that date, including a warranty by MIT that its consolidated net asset value (a) as at 31st December, 1999 as shown in the financial statements of MIT for the year ended 31st December, 1999 to be published shortly which shall have been audited and include an unqualified auditors' report thereon, and (b) as at the date of Completion shall not be materially less than HK\$185 million; and

the completion of the Disposal Agreement taking place contemporaneously with the completion of the Sale and Purchase Agreement

The Vendors may waive condition (ix) and MIT may waive condition (ii). Since allotment of the Consideration Shares to the Vendors without fulfillment of condition (ix) will trigger an obligation of the Vendors to extend a general offer for all the Shares other than those already owned or agreed to be acquired by the Vendors or parties acting in concert with any of them, the Vendors have undertaken to BOCI Asia that they will not waive condition (ix) unless BOCI Asia is satisfied that the Vendors have sufficient financial resources to satisfy full acceptance of the general offer.

In the event that any of the Conditions has not been fulfilled (or waived by the parties thereto) by 30th September, 2000 (or such other date as the parties to the Sale and Purchase Agreement may agree in writing), the Sale and Purchase Agreement shall lapse and be terminated and thereafter all rights, obligations and liabilities of all parties hereunder shall cease and determine and no party shall have any claim against the others under the Sale and Purchase Agreement except for antecedent breach. Application will be made by MIT to the Stock Exchange for listing of and permission to deal in the Consideration Shares.

Pursuant to the Sale and Purchase Agreement, (i) subject to the Completion, Founder has undertaken to MIT that it will not (and none of its present or future subsidiaries or associated companies will) except through the MIT Group directly or indirectly undertake, engage in or be otherwise interested in any business including or relating to the design and production of non-media e-commerce software and non-media utility software or the operation of portals and websites on the internet in the PRC; and (ii) subject to the Conditions being fulfilled or waived, Founder has undertaken to procure that Founder Electronics complies with all its obligations under the Sale and Purchase Agreement.

Each of the Vendors except F2 Consultant has undertaken to MIT that it or he will not, save with the prior written consent of MIT, transfer, exchange or otherwise dispose of, or grant or create any encumbrance in respect of any of the Consideration Shares issued to it or him prior to the date falling 6 months after Completion. The Vendors are Founder Electronics, F2 Consultant and the Other Founder Data Shareholders. Founder Electronics, which holds a 70% shareholding in Founder Data, is a wholly-

tant holds a 14.76 ounder Data. Each of Founder, Founder are independent of and (save for their shareholdings in Founder Data in the case of Founder Electronics and F2 Consultant) not connected with any directors, chief executives or substantial shareholders of MIT or any of their respective subsidiaries or any of their respective associates (as defined under the Listing Rules). The Other Founder Data Shareholders include Mr. Cheung, Zhang Zhao Dong and Wei Xin, who hold 4.98%, 0.9% and 0.9% shareholdings respectively in Founder Data and who are directors of Founder. The remaining other Other Founder Data Shareholders, together hold an aggregate of 8.46% shareholding in Founder Data. All of the Other Founder Data Shareholders and their respective associates are not connected with any directors, chief executives or substantial shareholders of MIT or any of their respective subsidiaries or any of their respective associates (as defined under the Listing Rules). At present, none of the Vendors and their respective associates (as defined under the Listing Rules) holds any Shares.

The Sale and Purchase Agreement constitutes a major transaction of Founder and is conditional on approval by the shareholders of Founder. The Sale and Purchase Agreement also constitutes a major and connected transaction under Rule 14.23(1)(b) of the Listing Rules for MIT and is conditional on approval by the independent shareholders of MIT. Ricwinco and its associates will abstain from voting on the resolutions for the approval of this transaction under conditions (vii), (viii) and (ix) as stated above. Application for listing:

Application will be made by MIT to the Stock Exchange for listing of and permission to deal in the Consideration Shares. THE SUBSCRIPTION AGREEMENTS

17th May, 2000

## The Subscription

Under the Subscription Agreements, Founder and Mr. Cheung will subscribe by cash through BOCI Asia, as an agent, 16,000,000 Subscription Shares and 15,000,000 Subscription Shares respectively. BOCI Asia would be entitled to a commission of 2% of the gross proceeds of the Subscription. The commission will be payable by MIT and other than that each party to the Subscription Agreements will bear its or his own costs and expenses in relation to the Subscription. BOCI Asia is independent of, not connected with and not acting in concert with any directors, chief executives or substantial shareholders of MIT, and any of their subsidiaries or any of their respective associates (as defined under the Listing Rules).

The Subscription Shares represent 17.5% of the existing issued share capital of MIT and approximately 3.8% of the issued share capital of MIT as enlarged by the Consideration Shares, the Placing Shares, the Subscription Shares and the Equity Transfer Shares. Subscription Price

## The subscription price is HK\$1.00 per Subscription Share.

The issue price of HK\$1.00 per Subscription Share represents (i) a discount of about 28.6% to the closing price of HK\$1.40 per Share as quoted on the Stock Exchange as at 4th May, 2000, being the last trading day prior to this announcement. (ii) a discount of about 0.6% to the average closing price of HK\$1.006 per Share as quoted on the Stock Exchange from 18th April, 2000 to 4th May, 2000, the last ten trading days prior to this announcement; and (iii) a premium of about 2.6% to the audited consolidated net asset value of MIT as at 31st December, 1998 of approximately HK\$0.975 per Share; and (iv) a discount of about 4.9% to the audited consolidated net asset value of MIT as at 31st December, 1999

of approximately HK\$1.051 per Share. Rights The Subscription Shares, when issued, will rank pari passu in all respects with the then existing Shares as at the date of issue of the Subscription Shares.

## Conditions of the Subscription

approval by the shareholders of MIT of the issue and allotment of the Subscription Shares pursuant to the relevant Subscription Agreement

completion of the Sale and Purchase Agreement the passing of an ordinary resolution taken on a poll by the shareholders of MIT by an independent vote within the meaning of Note 1 of the Notes on dispensation from (iii)

Rule 26 of the Takeovers Code or as may be required by the Executive approving a waiver of the obligation on Founder or Mr. Cheung (as the case may be) and parties acting in concert with it or him to make a mandatory offer for all the Shares under Rule 26 of the Takeovers Code as a result of the issue of the Subscription Shares to Founder or Mr. Cheung (as the case may be) and the Executive granting such a waiver; and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the relevant Subscription Shares

In the event that any of the above conditions has not been fulfilled by 30th September, 2000 or such later date as the parties as to the relevant Subscription Agreements may agree in writing, the Subscription Agreement shall lapse and be terminated The Subscription Agreements constitute connected transaction for MIT and will require approval by the independent shareholders of MIT at general meeting to be convened and held. However no shareholders will be required to abstain from voting

Pursuant to the Acquisition and the Subscription, Founder and parties acting in concert with it will hold more than 35% of the voting rights in MIT and will be required to make a mandatory general offer to acquire all Shares which are not held by Founder and parties acting in concert with it under the Takeovers Code. Founder will apply to the Executive for the Whitewash Waiver in respect of the general offer requirement. MIT will seek for an independent vote, which Ricwinco as the controlling shareholder of MIT will abstain from voting, for the Whitewash Waiver and the issue of the Subscription Shares As to whether Chinney Alliance Group Limited is a party acting in concert with Ricwinco and also needs to abstain from voting for the Whitewash Waiver and the issue of the Subscription Shares the Executive is considering this matter the decision on which will be disclosed in the circular to the shareholders of Founder and MIT. No shareholders of MIT will be required to abstain from voting regarding condition (i) stated above.

Application will be made by MIT to the Stock Exchange for listing of and permission to deal in the Subscription Shares THE DISPOSAL AGREEMENT

### Date 17th May, 2000

**Parties** Vendor

Purchaser Ricwince

The Disposal The entire issued share capital of MITI and the interest in the indebtedness due to MIT by the MITI Group and outstanding as at completion of the Disposal will be acquired by

Consideration and payment term The total consideration for the Disposal shall be the sum of the audited net asset value of the MITI Group and the total amount of the debt due from the MITI Group to MIT as at completion of the Disposal, which consideration is estimated to be approximately HK\$65 million (based on the unaudited pro forma combined accounts of MITI Group as at 31st December, 1999). An audited balance sheet of the MITI Group will be prepared and issued no later than 90 days from the completion date of the Disposal (or such other date as parties agree). Pursuant to the Disposal Agreement, the consideration shall be paid in cash by four instalments, being HK\$12 million to be paid upon completion, the balance of the

thereof) earlier than the relevant due date The balance of the outstanding instalments of the consideration will be secured by a legal charge over all the issued shares of MITI to be executed by Ricwinco in favour of MIT. The sales proceeds from the Disposal will be used as general working capital of the MIT Group. At present, there is no specific use for the sales proceeds

ation to be paid in cash by three equal instalments every three months from the date of completion. Ricwinco is entitled to pay the balance of the consideration (or any part

### Conditions of the Disposal Agreement Completion of the Disposal Agreement is conditional upon:

- the completion of the formation of the corporate structure of the MITI Group and the reorganisation of the related indebtedness; the approval at a duly convened and held general meeting by the shareholders of MIT independent of Ricwinco and its associates (as defined in the Listing Rules) of (i) the
- sale of the shares in MITI by MIT and the assignment of related indebtedness to Ricwinco and (ii) all other transactions contemplated under the Disposal Agreement the completion of the Sale and Purchase Agreement taking place contemporaneously with the completion of the Disposal Agreement; and
- the Deposited Shares being deposited with the Escrow Agent in accordance with the Escrow Agreement, the arrangement of which is summarised below under the section "THE ESCROW AGREEMENT".
- In the event that any of the above conditions has not been fulfilled by 30th September, 2000 or such later date as the parties to the Disposal Agreement may agree in writing, the Disposal Agreement shall lapse and be terminated and be null and void save for any antecedent breach.

### General

By virtue of Ricwinco being the existing controlling shareholder of MIT, the Disposal Agreement, when aggregated with the Possible Disposal under the Management Agreement, constitutes a major and connected transaction for MIT and will require approval by the independent shareholders of MIT at a special general meeting to be convened at which Ricwinco and its associates (as defined under the Listing Rules) shall abstain from voting. The terms of the Disposal Agreement were determined at arm's length negotiations having regard to the estimated net asset value of the MITI Group and the book value of the indebtedness due to MIT by the MITI Group as at completion of the Disposal. In addition, the Disposal Agreement constitutes a "Special Deal" under Rule 25 of the Takeovers Code which requires the consent of the Executive under Note 4 to Rule 25 of the Takeovers Code and approval by a resolution at a general meeting of the shareholders of MIT taken on a poll who are not involved in or interested in that transaction. If such consent cannot be obtained the Sale and Purchase Agreement cannot become unconditional in which event one of the conditions of the Disposal Agreement parally the complating of the Sale and obtained, the Sale and Purchase Agreement cannot become unconditional, in which event one of the conditions of the Disposal Agreement, namely, the completion of the Sale and Purchase Agreement, will fail and the Disposal Agreement will be terminated.

### THE MANAGEMENT AGREEMENT

17th May, 2000 **Parties** Principal MIT Manager Ricwinco

Management Arrangement MIT has entered into the Management Agreement with Ricwinco under which, subject to Completion, Ricwinco will be appointed as manager for a period of 3 years after Completion. Pursuant to the Management Agreement, Ricwinco will during its term of appointment be responsible for the management and conduct of the remaining semi-conductor business (conducted by the Yung Wen Group) and weighing scale business (conducted by the MITC Group) of MIT and its subsidiaries and associated companies. There is no service contract between Mr. Yung and Ricwinco.

is no service contract between Mr. Yung and Ricwinco.

Pursuant to the Management Agreement, subject to Completion, Ricwinco guarantees and undertakes to MIT that the audited profit after taxation and minority interests of the Yung Wen Group and the MITC Group for each of the financial years (or part thereof) from commencement of the term of management shall not respectively be less than an amount equal to 6% of the Yung Wen Opening Net Worth (estimated to be approximately HK\$61 million based on its unaudited pro forma accounts as at 31st December, 1999) and the MITC Opening Net Worth (estimated to be approximately HK\$60 million based on its unaudited pro forma accounts as at 31st December, 1999) or the relevant portion of such net asset value corresponding to part of a financial year during which the profit guarantee is effective. If a loss is recorded by the Yung Wen Group and/or the MITC Group, the amount of such loss will form part of the profit shortfall. The auditors of MIT will issue a certificate regarding the fulfilment of the guaranteed profit within three months after the end of the relevant financial year or period. Any short fall of the guaranteed profit will be paid by Ricwinco to MIT in part and to Yung Wen in other part in cash within 30 days after the issue of the Possible Disposal, whichever is earlier. The profit guarantee in relation to the MITC Group will terminate as from the termination of the appointment of Ricwinco as manager or the completion of the Possible Disposal, whichever is earlier. The profit guarantee in relation to the MITC Group will terminate as from the termination of the appointment of Ricwinco as manager. The independent non-executive directors of MIT for the time being will review and confirm in the annual report of MIT as to whether such guaranteed profit is fulfilled. Ricwinco will not receive any management fee or other remuneration in whatever form under the Management Agreement. Ricwinco's undertaking as to the payment of the payment of the profit guarantee is to b secured by the arrangement under the Escrow Agreements.

Based on the audited accounts of MIT and its subsidiaries and associated companies as at 31st December, 1999, unaudited pro forma accounts of the Yung Wen Group and the MITC Group have been prepared respectively. According to such unaudited pro forma accounts of the Yung Wen Group and the MITC Group, the Yung Wen Opening Net Worth and the MITC Opening Net Worth are approximately HK\$61 million and approximately HK\$60 million respectively. Possible Disposal

(d)

Pursuant to the Management Agreement, MIT agrees to sell and Ricwinco agrees to purchase or procure its nominee to purchase the entire issued share capital of Yung Wen and the interest in the indebtedness due to MIT by the Yung Wen Group outstanding as at completion of such sale and purchase after the conditions of the Possible Disposal (as stated below) are fulfilled. Ricwinco's undertaking as to the payment of the purchase price of the Possible Disposal to MIT is to be secured by the arrangement under the Escrow Agreement Consideration and payment terms The total consideration for the Possible Disposal shall be equal to the sum of the Yung Wen Opening Net Worth plus the amount of the indebtedness due to MIT by the Yung

Wen Group as at completion of the Possible Disposal, to be payable by Ricwinco to MIT in cash at completion of the Possible Disposal pursuant to the Management Agreement.

Conditions of the Possible Disposal Completion of the Possible Disposal is conditional upon the following conditions being fulfilled:

completion of the formation of the corporate structure of the Yung Wen Group and the reorganisation of the relevant inter-company indebtedness; completion of the Sale and Purchase Agreement;

- the Deposited Shares having been deposited to an account maintained by the Escrow Agent by Ricwinco in accordance with the Escrow Agreement; the issue by Yung Wen of the audited consolidated financial statements of the Yung Wen Group for any of the financial years ending on 31st December, 2000, 2001 and 2002
- showing the profit after taxation and minority interests is less than the amount which is equal to 15% of the Yung Wen Opening Net Worth; and

(e) Ricwinco having the financial resources to pay the consideration on completion of the Possible Disposal. Ricwinco may waive condition (e) but not the other conditions.

The latest date by which condition (d) can be satisfied is the date of issue by Yung Wen of the audited consolidated financial statements of the Yung Wen Group for the financial year By virtue of Ricwinco being an existing controlling shareholder of MIT (holding about 55% interest in MIT), the Management Agreement (including the Possible Disposal) when aggregated with the Disposal Agreement constitutes a major and connected transaction for MIT and will require approval by the independent shareholders of MIT at a general meeting to be convened at which Ricwinco and its associates (as defined under the Listing Rules) shall abstain from voting. The terms of the Possible Disposal where determined at arm's length negotiations having regard to the estimated net asset value of the Yung Wen Group as at the date of Completion and the amount of the indebtedness due to MIT by the Yung Wen Group as at the consent of the Executive under Note 4 to Rule 25 of the Takeovers Code which, if so constituted, will require the consent of the Executive under Note 4 to Rule 25 of the Takeovers Code. Under the Management Arrangement, Ricwinco is required to manage the Yung Wen Group and the MITC Group and provide a profit guarantee in favour of MIT. Accordingly, it derives no benefit from its management of such consent from the Executive cannot be obtained the Sale and Purchase Agreement cannot be consent from the Executive cannot be obtained the Sale and Purchase Agreement cannot become uncertificated in which is such consent from the Executive cannot be obtained. ending 31st December, 2002.

If such consent from the Executive cannot be obtained, the Sale and Purchase Agreement cannot become unconditional, in which event one of the conditions of the Managemen Agreement, namely, the completion of the Sale and Purchase Agreement, will fail and the Management Agreement cannot be carried out.

THE ESCROW AGREEMENT 17th May, 2000 Ricwinco and MIT Parites BOCI-Prudential Trustee Limited, which is independent of, and not connected with MIT, Ricwinco and the Vendors or any of their respective directors, Escrow Agent

chief executives, substantial shareholders, and any of their respective subsidiaries or associates.

In order to secure the source of finance of Ricwinco for its financial obligations under the Disposal Agreement and the Management Agreement, Ricwinco, MIT and the Escrow Agent entered into the Escrow Agreement on 17th May, 2000. Pursuant to the Escrow Agreement, Ricwinco will upon Completion deposit 72 million Shares held by it to the Escrow Agent to be dealt with according to the Escrow Agreement.

Of the 39 million Shares out of the Deposited Shares in a general share account and before discharge of the Outstanding Consideration Payments under the Disposal Agreement, Ricwinco may sell such Shares at not less than HK\$1.62 per Share or pay to have such Shares released at HK\$1.99 per Share. The proceeds of any such sale will be used to pay the Outstanding Consideration Payments. If Ricwinco uses other means to pay any Outstanding Consideration Payments, a number of Shares will be released at HK\$1.99 per Share. After discharge of all the Outstanding Consideration Payments, up to 19 million Shares out of the Shares in the general share account may be returned to Ricwinco and Ricwinco may sell the rest of the Shares left in the general share account at not less than HK\$2.40 per Share. Upon completion of the Possible Disposal, all of the remaining Shares and all sale proceeds derived therefrom shall be returned to Ricwinco except for 5 million Shares to secure the profit guarantee obligations of Ricwinco for the MITC Group under the Management Agreement.

The other 33 million Shares out of the Deposited Shares will be deposited in a reserve share account. Shares in the reserve share account may be sold by Ricwinco at not less than HK\$2.40 per Share. When the sale proceeds match the amount of the Yung Wen Opening Net Worth, the rest of the Shares will be returned to Ricwinco. After all the Outstanding Consideration Payments have been made, and all profit shortfall compensation and the consideration for the Possible Disposal are discharged, all Shares or any sale proceeds therefrom held by the Escrow Agent shall be released and returned to Ricwinco. Ricwinco undertakes that it shall not at any time during the period commencing on and from the date of the Escrow Agreement up to (and including) the day on which the Sale and

Purchase Agreement is completed or, as the case may be, lapses or is terminated in accordance with its terms, save with the prior written consent of MIT transfer, exchange or otherwise dispose of (other than the granting or creation of any pledge, charge or other encumbrance) any of the Shares beneficially owned by Ricwinco. In the event that the Sale and Purchase Agreement is completed, Ricwinco shall not at any time during the period of three months commencing on the day immediately following the day on which the Sale and Purchase Agreement is completed, save with the prior written consent of MIT or by way of a disposal at a price of not less than HK\$2.40 per Share, transfer, exchange or otherwise dispose of (other than the granting or creation of any encumbrance) any of the Shares which it owns beneficially as at the date of the Escrow Agreement (other than the Deposited Shares)

For the avoidance of doubt, upon the expiry of the three month period as stated above, Ricwinco shall be under no restriction whatsoever under the Escrow Agreement in respect of dealings in 25,680,000 Shares held by it, which will not form part of the Deposited Shares

The above undertaking shall terminate and be of no further effect upon the termination of the Sale and Purchase Agreement. THE EQUITY TRANSFER AGREEMENT

### 17th May, 2000 Date (1) Vendor

Yahoo!, and its associates are independent of, and not connected with, MIT or any of its directors, chief executives, substantial shareholders, and any of their respective subsidiaries or associates. Yahoo! and its associates currently do not hold any shares in MIT

(3) Founder Electronics (which joined as a party to provide undertakings to Yahoo! including to procure Founder Data and Beijing Founder Electronics Co. Ltd. to give consent to the transfer of 19.9% of the equity interest in AdTargeting to Datacom and to assist in obtaining the relevant PRC approval to such transfer.

MIT will acquire from Yahoo! 100% interest in Datacom (to which Yahoo! will transfer its 19.9% interest in AdTargeting prior to completion of the Equity Transfer Agreement) for a consideration of HK\$93,240,000 to be satisfied by the issue of Equity Transfer Shares by MIT as described below. The remaining 80.1% interest in AdTargeting will be held by Founder Data immediately before the Acquisition. Datacom was incorporated on 12th April, 2000 as a shelf company and has not carried on any business.

Immediately before completion of the Equity Transfer, Datacom will hold 19.9% interest in AdTargeting. AdTargeting is a Sino-foreign joint venture established on 13th April, 2000 which designs and produces internet advertisement and uses Yahoo!'s portal to broadcast internet advertisement. As at 12th May, 2000, the net liabilities and loss after tax of AdTargeting were approximately HK\$885,120 and HK\$885,120 respectively. The Equity Transfer constitutes a major and connected transaction under Rule 14.23(1) (b) of the Listing Rules for MIT and will require independent shareholders' approval at a

Consideration The consideration for the transfer of 100% interest in Datacom shall be in the amount of HK\$93,240,000, which was determined on the basis of arm's length negotiations with reference to the future prospects and the business potential of AdTargeting. The consideration shall be satisfied by the issue by MIT of 93,240,000 Shares to Yahoo!. The issue price of each of the Equity Transfer Shares shall be the same as that of the Consideration Shares.

The Equity Transfer Shares represent approximately 52.50% of the existing issued share capital of MIT and shall represent approximately 11.41% of the enlarged issued share capital of MIT immediately after completion of the Acquisition, Subscription, Placing, and Equity Transfer. A valuation on Datacom will be performed by an independent valuer and will be disclosed in a circular to be posted to the shareholders of MIT. Conditions

Completion of the Equity Transfer Agreement shall be conditional upon the fulfillment of the following conditions: the completion of the Sale and Purchase Agreement in accordance with its terms;

the conditions set out in items (i), (ix) and (xiv) under the section "THE SALE AND PURCHASE AGREEMENT — Conditions of the Sale and Purchase Agreement above being fulfilled unless waived by Yahoo! in writing; approval of the issue of the Equity Transfer Shares by the shareholders of MIT;

ate except for antecedent breach

eneral meeting to be convened and held. However, no shareholder will be required to

- the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Equity Transfer Shares; (if required) the Bermuda Monetary Authority granting its permission to the issue and allotment of the Equity Transfer Shares;
- approval of the transfer of 19.9% equity interest in AdTargeting from Yahoo! to Datacom by the original examination and approval authority of AdTargeting in the PRC and completion to the satisfaction of Yahoo! of its due diligence review of the corporate status, the business and the financial and other conditions of the MIT Group;
- there being no adverse material change in the business, financial and other conditons of the MIT Group since the date of the Equity Transfer Agreement and up to the completion of the Equity Transfer Agreement; and

there being no material adverse tax impact on Yahoo! as a result of the transactions contemplated by the Equity Transfer Agreement.

If the above conditions are not fulfilled on or before 30th September, 2000 or such later date as Founder Electronics and MIT may agree and notify Yahoo! in writing on or before 30th September, 2000, the Equity Transfer Agreement shall lapse and be terminated and thereafter all rights, obligations and liabilities of all parties to the Equity Transfer Agreement shall cease and termin

Application for listing Application will be made by MIT to the Stock Exchange for listing of and permission to deal in the Equity Transfer Shares.

Following the issue of the Consideration Shares and the Equity Transfer Shares, the shareholdings of the Vendors and Yahoo! in MIT are as follows: Shareholding in MIT after Acquisition, Equity Transfer but before Placing and Subscription Shareholder name No. of Shares Founder Electronics 307,690,000 43.31% 93,240,000 64,881,100 13.12% 9.13% Yahoo! F2 Consultant Other Founder Data Shareholders 66,988,900 9.43%

### THE PLACING AGREEMENTS Date 17th May, 2000

MIT has conditionally agreed to place through BOCI Asia a total of 75,560,000 new Shares of HK\$0.10 each to independent investors at a price of HK\$1.00 per Share. Placing agent:

Total

(e)

(f)

(g)

(h)

BOCI Asia is the placing agent of the Placing and would be entitled to a placement commission of 2% on the gross proceeds of the Placing. BOCI Asia is independent of, not connected with and not acting in concert with the directors, chief executives or substantial shareholders of MIT, and any of their subsidiaries or any of their respective associates (as

defined under the Listing Rules).

### Placees

Sunevision and other five investors will subscribe for 60,500,000 Placing Shares and an aggregate of 15,060,000 Placing Shares respectively. There are in aggregate six placees (including Sunevision). All placees (excluding Sunevision) and their respective associates are independent of and not connected with the directors, chief executives or substantial shareholders of MIT and any of their subsidiaries or any of their respective associates, and are not acting in concert with Founder and any of the parties acting in concert with Founder. None of the placees (excluding Sunevision) nor their respective associates holds any Shares at present.

Sunevision is the technology and e-business arm of Sun Hung Kai Properties Limited. It provides a wide range of Internet business from infrastructure, e-commerce to venture capital. It is listed on the Growth Enterprise Market of the Stock Exchange. Sunevision is independent of and not connected with the directors, chief executives or substantial shareholders of MIT and any of their subsidiaries or any of their respective associates (as defined under the Listing Rules), and is not acting in concert with Founder or any of the parties acting in concert with Founder. Sunevision does not hold any Shares at present.

The other five placees are companies beneficially owned by independent individual investors

### Placing price

Rights:

Use of Proceeds

The issue price is HK\$1.00 per Placing Share.

The issue price of HK\$1.00 per Placing Share represents (i) a discount of about 28.6% to the closing price of HK\$1.40 per Share as quoted on the Stock Exchange as at 4th May, 2000, being the last trading day prior to this announcement. (ii) a discount of about 0.6% to the average closing price of HK\$1.006 per Share as quoted on the Stock Exchange from 18th April, 2000 to 4th May, 2000, the last ten trading days prior to this announcement; and (iii) a premium of about 2.6% to the audited consolidated net asset value of MIT as at 31st December, 1998 of approximately HK\$0.975 per Share; and (iv) a discount of about 4.9% to the audited consolidated net asset value of MIT as at 31st December, 1999 of approximately HK\$1.051 per Share.

The board of directors of MIT is of the view that the pricing and timing of the Placing are fair and reasonable

The Placing Shares will on issue rank equally with the then existing Shares as at the date of issue of the Placing Shares

### Number of Shares to be placed:

75,560,000 new Shares are to be placed, representing approximately 42.54% of the existing issued share capital of MIT and approximately 9.25% of the issued share capital of MIT as enlarged by the Placing Shares, the Subscription Shares, the Consideration Shares and the Equity Transfer Shares.

### The net proceeds of the Placing is expected to be approximately HK\$74 million. The net proceeds will be used mainly for the development of the internet and e-commerce businesses of the MIT Group, while the remaining balance will be used as general working capital of the MIT Group

Conditions of the Placing 1) approval by the shareholders of MIT of the issue and allotment of the Placing Shares pursuant to the relevant Placing Agreement.

### 2) completion of the Sale and Purchase Agreement, and

the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Placing Shares

Shareholders' approval MIT will seek for approval from its shareholders regarding allotment and issue of the Placing Shares at a general meeting to be convened and held. No shareholders of MIT will be

## required to abstain from voting regarding the Placing.

Completion The Placing is to be completed on the same date as the date of the Completion. The Placing Agreements will lapse if any of the conditions of the Placing is not satisfied by 30th

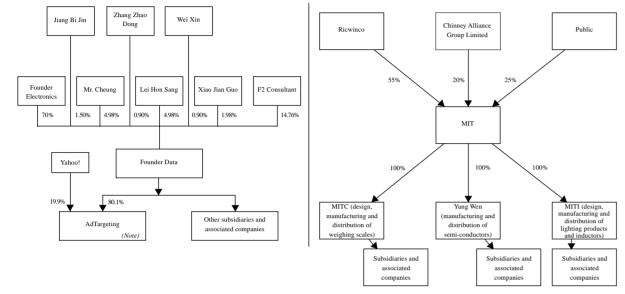
Each of the placee has undertaken to MIT that it will not, save with the prior written consent of MIT, transfer, exchange or otherwise dispose of, or grant or create any encumbrance over or in respect of any of the relevant Placing Shares prior to the date falling 3 months after completion of the Placing

### Application for listing

Application will be made by MIT to the Stock Exchange for listing of and permission to deal in the Placing Shares.

## SHAREHOLDING STRUCTURE OF MIT

The following charts show the shareholding structures of Founder Data and MIT before and after the Acquisition, the Equity Transfer, the Disposal, the Subscription and the Placing, Immediate Before the Acquisition, the Subscription, the Equity Transfer, the Disposal and the Placing



AdTargeting is currently owned by Founder Data, Beijing Founder Electronics Co. Ltd. and Yahoo! as to 20%, 60.1% and 19.9% respectively. Prior to the Completion, the 60.1% of the equity interest in AdTargeting held by Beijing Founder Electronics Co. Ltd. will be transferred to Founder Da

### After the Acquisition, the Subscription, the Equity Transfer, the Disposal and the Placing (before the Possible Disposal) Xiao Jian Guo Jiang Bi Jin Zhong Zhao Dong Wei Xir F2 Consultan Ricwinco 1.079 7.94% 0.489 Chinney Alliance Lei Hon Sang 4.35% Yahoo Mr. Cheung MIT Othe 14.68% public Shareholder MITC (d nanufacturing and distribution of Founder Data 100 80.1% Subsidiaries and Subsidiaries and 19.99 Other Subsidiarie AdTargeting

The following table shows the shareholding structure of MIT (i) before the Acquisition, (ii) after the Acquisition, the Subscription, the Equity Transfer but before the Placing and

	Before the Acquisition Number of Shares (m) %		After the Acquisition, the Subscription, the Equity Transfer but before the Placing Number of Shares (m) %		After the Acquisition, the Subscription, the Equity Transfer and the Placing Number of Shares (m) %	
Founder		_	323.7	43.66%	323.7	39.62%
Yahoo!			93.2	12.57%	93.2	11.41%
Other Founder Data Shareholders	_	_	82.0	11.06%	82.0	10.04%
F2 Consultant	_	_	64.9	8.75%	64.9	* 7.94%
Ricwinco	97.7	55%	97.7	13.18%	97.7	11.96%
Chinney Alliance Group Limited	35.5	20%	35.5	4.79%	35.5	* 4.35%
Placee under the Placing	_	_	_	_	75.6	* 9.25%
Other Public Shareholders	44.4	25%	44.4	5.99%	44.4	* 5.43%
	177.6	100%	741.4	100%	817.0	100%

Year ended 31st December

"Vendors"

Hong Kong, 24th May, 2000

## \* Public shareholding

## INFORMATION ON FOUNDER DATA

Founder Data was incorporated on 8th December, 1999. Founder Data is principally engaged in the provision of internet advertising agency service and business-to-business platform to media industry and e-commerce solutions and development. Before the establishment of Founder Data, the businesses of Founder Data were carried out through certain internal divisions of Founder.

Immediately before completion of the Sale and Purchase Agreement, Founder Data will have a 80.1% interest in AdTargeting. AdTargeting is a Sino-foreign joint venture established on 13th April, 2000 which designs and produces internet advertisement using Yahoo!'s portal to broadcast internet-advertisement and which by making use of "Yahoo!" alliance to provide "Ad Server" technology and by marking use of the extensive alliance Founder Group has established with the Chinese news media to assume a leading position in the rapidly growing internet advertising market. Subject to the completion of the Acquisition and completion of the Equity Transfer Agreement, AdTargeting will become indirectly whollyowned by MIT. Currently, the Founder Data Group has over 120 employees. To further expand its businesses, Founder Data is setting up business to business e-commerce platforms catering specifically to the production, operation and servicing activities

relevant to the news publication/network media. The platforms allow relevant participants to conduct on-line trading of press content such as news and photos and the trading of advertisements relevant to various media advertising resources.

Founder Data is also a software developer catering to e-commerce, with emphasis on the development of e-commerce platform technology and the provision of application service primarily for supply chain management

The unaudited consolidated net loss after taxation and minority interests of the Founder Data Group for the period from 8th December, 1999 to 12th May, 2000 was approximately HK\$550,000. The unaudited consolidated net asset value of Founder Data Group as at 12th May, 2000 was approximately HK\$19,677,000.

## INFORMATION ON THE MIT GROUP

MIT and its subsidiaries and associated companies are principally engaged in the design, manufacture and marketing of consumer and industrial electronic products. The principal business activities of the MITI Group are to design, manufacture and distribute lighting products and inductors and those of the Yung Wen Group are to manufacture and distribute semi-conductor products such as switching diodes, zener diodes, small signal transistors and rectifiers. The MITC Group is principally engaged in the design, manufacturing and distribution of weighing scales.

The audited consolidated net profit/(loss) before and after taxation and minority interests of MIT in respect of the three financial years ended 31st December, 1997, 31st December, 1998 and 31st December, 1999 are as follows:

	1999	1998	1997
	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) before taxation	18,571	(43,336)	107,309
Taxation	(531)	515	(1,405)
Profit/(loss) before minority interests	18,040	(42,821)	105,904
Minority interests		(3)	(104)
Net profit/(loss) attributable to shareholders	18,040	(42,824)	105,800

The effect of the Acquisition on the profit and loss account and balance sheet of the MIT and its subsidiaries and associated companies, the pro forma assets and liabilities table of Founder Data, and more detailed financial information on Founder Data, including its valution, will be disclosed in the shareholders' circular to be issued jointly by Founder and MIT in this connection

The respective unaudited pro forma combined profit and loss accounts of the MITI Group and the Yung Wen Group for the two financial years ended 31st December, 1997 and 31st December, 1998 and their unaudited pro forma combined net asset value as at 31st December, 1997 and 31st December, 1998 are as follows Year ended 31st December, 1998 Year ended 31st December, 1997

	Tear chaca 51st December, 1577			1st December, 1770	
	MITI Group HK\$'000	Yung Wen Group HK\$'000	MITI Group HK\$'000	Yung Wen Group HK\$'000	
Loss before taxation	(11,389)	(5,195)	(14,404)	(29,364)	
Taxation	(387)	(153)	521	(6 )	
Loss before minority interests	(11,776)	(5,348)	(13,883)	(29,370 )	
Minority interests	370	266	(3)	_	
Net loss attributable to shareholders	(11,406)	(5,082)	(13,886)	(29,370)	
Net asset value	88,000	46,400	85,800	33,500	
For the year ended 31st December 1997, the pro forma combined turnover and net profit after taxation and minority interests of the MITC Group were approximately HK\$113.2					

million and HK\$1.5 million respectively. For the year ended 31st December, 1998, the pro forma combined turnover and net loss after taxation and minority interests of the MITC Group were approximately HK\$110.9 million and HK\$1.4 million respectively. Currently, the MITC Group engages approximately 700 employees and workers in both of its manufacturing facilities in Dongguan, the PRC and in Hong Kong. As at 31st December, 1997 and 31st December, 1998 the unaudited pro forma combined net asset value of the MITC Group were approximately HK\$82.9 million and HK\$53.9

Upon completion of the Acquisition and the Disposal, MIT and its subsidiaries and associated companies will then be principally engaged in the semi-conductor business (as carried out by the Yung Wen Group), the weighing scale business (as carried out by the MITC Group) and the internet advertising agency service and other e-commence business (as carried out by the Founder Data Group).

## INFORMATION ON FOUNDER

Founder is principally engaged in the software development and systems integration businesses particularly in relation to the publishing industry and certain other industries such as banking and retailing.

### REASONS FOR THE TRANSACTIONS The board of directors of MIT considers that the Acquisition will allow MIT to diversify into the on-line advertising business which may present promising prospects to MIT in view

The Disposal Agreement allows MIT to divest from its design, manufacturing and distribution of lighting product and inductor businesses, thereby concentrating its resources on developing other areas of business

The Management Agreement allows MIT to retain the expertise in the operation of the remaining businesses of semi-conductor products and weighing scales. However, in the event that the Yung Wen Group fails to deliver a satisfactory return to MIT, pursuant to the Management Agreement, MIT will sell the Yung Wen Group to Ricwinco at the Yung Wen Opening Net Worth plus any outstanding debts due to MIT from the Yung Wen Group as at completion of the Possible Disposal, thereby concentrating its resources on developing

The Escrow Agreement aims at ensuring that Ricwinco will have sufficient financial resources to carry out its payment obligations under the Disposal Agreement and the

The Equity Transfer Agreement will result in Yahoo! directly holding shares in MIT rather than in AdTargeting only, thereby allowing MIT to more easily capitalize on the strength

The board of directors of Founder considers that the Sale and Purchase Agreement is in the interest of Founder, since Founder will after completion of the Acquisition own a controlling shareholding in MIT which will serve as an independent vehicle for raising new capital from the equity market for future development of the existing non core business of Founder

### PROPOSED CHANGE OF BOARD COMPOSITION

It is expected that upon Completion, all the existing executive and non-executive directors of MIT, other than Mr. Yung, will resign. At Completion, new directors will be nominated to join the board of directors of MIT the details of which have not been determined. Further announcement in this regard will be made in the joint circular of MIT and Founder. TAKEOVERS CODE IMPLICATIONS FOR FOUNDER

Upon the issuance of the Consideration Shares, the Equity Transfer Shares, the Subscription Shares and the Placing Shares, the aggregate shareholding of Founder Electronics together with the parties acting in concert with it (i.e. the other Vendors and Founder) in MIT will become approximately 57.6%. Under the Takeovers Code, Founder Electronics and parties acting concert with it would be obliged to make an unconditional general offer to acquire all the Shares other than those already owned by it and parties acting in concert with

An application will be made on behalf of Founder to the Executive for the Whitewash Waiver in respect of the 470,560,000 Shares (representing 57.6% of the issued share An application with the linder of relative to the Escential State of the 470,300,000 shares pursuant to the Sale and Purchase Agreement, the Equity Transfer Agreement, the Subscription Agreements and the Placing Agreements) to be issued to the Vendors under the Sale and Purchase Agreement and the Subscription Agreements, which will be subject to the approval of the independent shareholders of MIT on a vote taken by way of a poll. The Executive may or may not grant the Whitewash Waiver. Completion of the Acquisition and the Subscription is conditional upon, inter alia, the granting of the Whitewash Waiver by the Executive. If the Whitewash Waiver is not granted, or if any of the conditions subject to which the Whitewash Waiver may be granted is not fulfilled, (unless, in relation to the Sale and Purchase Agreement, the condition as to the granting of the Whitewash Waiver is waived by the Vendors pursuant to the Sale and Purchase Agreement) the Sale and Purchase Agreement and the Subscription Agreements will not become unconditional and therefore cannot be completed. In that event the issue of the Equity Transfer Shares under the Equity Transfer Agreement, the Subscription Shares under the Subscription Agreement and the Placing Shares under the Placing Agreements will not proceed.

## MAINTAINING THE LISTING OF MIT

It is the intention of the future directors of MIT to maintain the listing of the Shares on the Stock Exchange after Completion. Accordingly, MIT and the future directors of MIT are expected to jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists for the Shares

The Stock Exchange has stated that it will closely monitor trading in the Shares if less than 25% of the Shares are held by the public. If the Stock Exchange believes that:

a false market exists or may exist in the Shares; or

there are too few Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend trading in the Shares

The Stock Exchange will also closely monitor all future acquisitions or disposals of assets by MIT. The Stock Exchange has the discretion to require MIT to issue a circular to its shareholders irrespective of the size of the proposed transaction, particularly when such proposed transaction represents a departure from the principal activities of MIT. The Stock Exchange also has the power to aggregate a series of transactions and any such transaction may result in MIT being treated as if it were a new listing applicant.

During the six month period immediately preceding the date of this announcement, there were no dealings in the Shares by the Vendors, and parties acting in concert with them and their respective directors. At present, none of the Vendors and parties acting in concert with them (including Founder Electronics, F2 Consultant and its shareholders and each of the Other Founder Data Shareholders) and for those parties which are corporations, their respective substantial shareholders, subsidiaries, and their respective associates (as defined

### GENERAL

Each of the Sale and Purchase Agreement, the Disposal Agreement, the Management Agreement and the Equity Transfer Agreement constitutes a major and connected transaction for MIT. Each of the Subscription Agreements constitutes a connected transaction for MIT. An independent committee of the board of directors of MIT will be established to consider, inter alia, the Sale and Purchase Agreement, the Subscription Agreements, the Disposal Agreement, the Management Agreement, the Equity Transfer Agreement and the Whitewash Waiver. An independent financial adviser will be appointed to advise the independent committee of the board of directors of MIT regarding the Sale and Purchase Agreement, the Subscription Agreements, the Disposal Agreement, the Management Agreement, the Equity Transfer Agreement and the Whitewash Waiver. In relation to the Whitewash Waiver. MIT will seek for an independent vote for the Sale and Purchase Agreement, the Subscription Agreements, the Disposal Agreement and the Management Agreement at a special general meeting to be convened and Ricwinco and its associates will abstain from voting.

A composite document containing details of, among others, the Sale and Purchase Agreement, the Subscription Agreements, the Disposal Agreement, the Equity Transfer Agreement, the Management Agreement and the Whitewash Waiver and notices of special general meetings of MIT and Founder respectively will be sent to shareholders of MIT and Founder as soon as practicable. Application will be made by MIT to the Stock Exchange for listing of and permission to deal in the Consideration Shares, the Subscription Shares, the Equity

Trading in Shares was suspended at the request of MIT with effect from 11:10 a.m. on 4th May, 2000. Trading in the shares of Founder were suspended at its request with effect from 10:00 a.m. on 18th May, 2000. Applications have been made to the Stock Exchange for resumption of trading in the Shares and the shares of Founder with effect from 10:00 a.m. on 25th May, 2000.

the acquisition of 100% of the issued share capital of Founder Data by MIT from the Vendors pursuant to the Sale and Purchase "Acquisition"

"AdTargeting"

"associates" has the meaning ascribed to it in the Listing Rules

BOCI Asia Limited, a registered dealer registered under the Securities Ordinance and the financial adviser to Founder "BOCI Asia"

"Completion" completion of the Acquisition "concert parties" has the meaning ascribed to it under the Takeovers Code

the conditions which must be satisfied or waived before Completion as set out under the heading "Conditions of the Sale and Purchase "Conditions"

"Consideration Shares 439,560,000 new Shares to be issued at HK\$1.00 per Share (to be credited as fully paid) to the Vendors as the consideration for the

"Datacom

the 72 million Shares to be deposited by Ricwinco under the Escrow Agreement "Deposited Shares" "Disposal"

the agreement between MIT and Ricwinco for the Disposal entered into an 17th May, 2000 "Disposal Agreement" "Equity Transfer" the transfer of 19.9% interest in AdTargeting to be effected by the sale of 100% interest in Datacom by Yahoo! to MIT pursuant to the

the agreement dated 17th May, 2000 entered into between Yahoo!, MIT and Founder Electronics pursuant to which Yahoo! will sell all "Equity Transfer Agreement"

BOCI-Prudential Trustee Limited, the escrow agent appointed by Ricwinco and MIT which will hold the Deposited Shares on escrow in "Escrow Agent"

"Escrow Agreement" "Executive" the Executive Director of the Corporate Finance Division of the  $\ensuremath{\mathsf{SFC}}$ 

"F2 Consultant F2 Consultant Limited, a company incorporated in the British Virgin Islands and a 14.76% shareholder of Founder Data; the four shareholders of F2 Consultant are employees of Founder and one being a director of a subsidiary of Founder (holding in equal shares) who are all independent of and not connected with the directors, chief executives or substantial shareholders of MIT and any of their

Founder Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock "Founder" Exchange, whose controlling shareholders are independent of and not connected with the directors, chief executives or subst shareholders of MIT and any of their subsidiaries or any of their respective associates

"Founder Data" Founder Data Corporation International Limited, a company incorporated in the British Virgin Islands and a 70% owned subsidiary of

associated companies, namely Founder Data holding 80.1% interest in AdTargeting, 100% interest in Founder EC-Media Limited, 100% interest in Founder EC-Tech Limited, 40% interest in Founder in Founder EC-Tech Limited, 40% interest in Founder in Founder

"Founder Electronics" Founder Electronics (HK) Ltd., a company incorporated in Hong Kong which is a 70% shareholder of Founder Data and a wholly owned subsidiary of Founder "Founder Group"

Founder, its subsidiaries and associated companies (as per its accounting policy) the Hong Kong Special Administrative Region of the PRC "Hong Kong" "Listing Rules" the Rules Governing the Listing of Securities on the Stock Exchange

"Management Agreement" the agreement between MIT and Ricwinco for the management of the Yung Wen Group and the MITC Group and for the Possible Disposal entered into on 17th May, 2000

"Management Arrangement" the management arrangement entered into between MIT and Ricwinco under the Management Agreement.

Management Investment & Technology (Holdings) Limited, a company incorporated in Bermuda with limited liability, the shares of "MIT" which are listed on the Stock Exchange "MIT Group" MIT, its subsidiaries and associated companies excluding the Yung Wen Group and the MITI Group

Management Investment & Technology Company Limited (or MIT Holdings Limited, a company to be incorporated to hold the entire issued share capital in Management Investment & Technology Company Limited), a wholly-owned subsidiary of MIT engaged in the "MITC"

design, manufacturing and marketing of weighing scales. "MITC Group" MITC and its subsidiaries

Management Investment & Technology International Inc., a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of MIT "MITI Group" MITI and its subsidiaries

"MITC Opening Net Worth" audited consolidated net asset value of the MITC Group as at Completion "Mr. Cheung" Mr. Cheung Shuen Lung, a director of Founder

Mr. Richard Chih Shin Yung, a director and indirect controlling shareholder of MIT "Mr. Yung"

"Other Founder Data Mr. Cheung, Zhang Zhao Dong (a director of Founder), Wei Xin (a director of Founder), Lei Hon Sang,

Xiao Jian Guo and Jiang Bi Jin who respectively hold 4.98%, 0.9%, 0.9%, 4.98%, 1.98% and 1.5% in Founder Data, all of whom are independent of and not connected with the directors, chief executives or substantial shareholders of MIT and any of their subsidiaries or Shareholders any of their respective associates the outstanding consideration payable by Ricwinco to MIT pursuant to the Disposal Agreement "Outstanding Consideration

Payments "Placing" the placing of 75,560,000 Shares in aggregate at HK\$1.00 each pursuant to the Placing Agreements

six agreements for the Placing entered into between MIT, BOCI Asia and the respective placees of the Placing on 17th May, 2000 "Placing Agreements" "Placing Shares" 75,560,000 new Shares to be issued at HK\$1.00 per Share pursuant to the Placing Agreements

"Possible Disposal" the sale by MIT of its interests in shares of Yung Wen and its interest in the indebtedness owed by Yung Wen to Ricwinco pursuant to the "PRC" or "China" the People's Republic of China

"Ricwinco" Ricwinco Investment Limited, the controlling shareholder of MIT (currently holding approximately 55% interest in it) and beneficially wholly-owned by Mr. Yung "Sale and Purchase

the conditional sale and purchase agreement between Founder Electronics, F2 Consultant, Other Founder Data Shareholders, MIT and Founder dated 17th May, 2000 relating to the Acquisition Agreement "SFC" the Securities and Futures Commission of Hong Kong

"Share(s)" the share(s) of HK\$0.10 each in the share capital of MIT

"Shareholder(s)" the holder(s) of the Share(s) The Stock Exchange of Hong Kong Limited "Stock Exchange"

"Subscription" the subscription of an aggregate number of 31,000,000 new Shares by Founder and Mr. Cheung at HK\$1.00 each pursuant to the Subscription Agreement

the agreements for the Subscription entered into between MIT, BOCI Asia, Founder and Mr. Cheung respectively on 17th May, 2000 "Subscription Agreements" "Subscription Shares" 31,000,000 new Shares to be issued at HK\$1.00 each pursuant to the Subscription

"Sunevision" Sunevision Holdings Limited, a company incorporated in Cayman Islands and listed on the Growth Enterprise Market of the Stock

"Takeovers Code" the Hong Kong Code on Takeovers and Mergers Founder Electronics, F2 Consultant and the Other Founder Data Shareholders

a waiver from a general offer obligation under the Takeovers Code pursuant to Note 1 of the Notes on dispensations from Rule 26 of the "Whitewash Waiver"

"Yahoo!" Yahoo! Inc., a United States corporation incorporated in the state of Delaware and an independent third party of MIT "Yung Wen" Yung Wen Investment & Finance Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of MIT "Yung Wen Group" Yung Wen and its subsidiaries and associated companies

"Yung Wen Opening Net Worth" audited consolidated net asset value of the Yung Wen Group as at Completion By Order of the Board of By Order of the Board of

Founder Holdings Limited Cheung Shuen Lung Management Investment & Technology (Holdings) Limited Richard Chih Shin Yung President Chairman

The directors of Founder jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the MIT Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, their opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts (other than those relating to the MIT Group) not contained in this announcement, the omission of which would make any of their statements in this announcement misleading.

The directors of MIT jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Founder Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, their opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts (other than those relating to the Founder Group) not contained in this announcement, the omission of which would make any of their statements in this announcement misleading

DEALINGS AND HOLDINGS IN THE SHARES

under the Listing Rules) hold any Shares.

The Acquisition constitutes a major transaction for Founder under the Listing Rules and will require approval of its shareholders at a general meeting to be convened.

The Equity Transfer constitutes a major and connected transaction for MIT under the Listing Rules and is therefore subject to the approval of the shareholders of MIT at a general meeting to be convened. No shareholders of MIT will be required to abstain from voting regarding the approval for the Equity Transfer Agreement.

Transfer Shares and the Placing Shares SUSPENSION AND RESUMPTION OF TRADING IN THE SECURITIES

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

Beijing AdTargeting Inc., a Sino-foreign equity joint venture established in the PRC whose registered capital is owned as to 19.9% by Yahoo!, as to 20% by Founder Data and as to 60.1% by Beijing Founder Electronics Co. Ltd., which is a wholly-owned subsidiary of

Datacom Developments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Yahoo! to which Yahoo! will transfer its 19.9% interest in AdTargeting prior to the completion of the Equity Transfer Agreement

the disposal of 100% of the issued share capital of MITI and interest in the indebtedness due to MIT by the MITI Group as at completion of the Disposal Agreement from MIT to Ricwinco

the issued shares in Datacom to MIT and MIT will issue the Equity Transfer Shares to Yahoo! as consideration for the purchase "Equity Transfer Shares 93,240,000 new Shares to be issued at HK\$1.00 per Share (to be credited as fully paid) to Yahoo! pursuant to the Equity Transfer

accordance with the Escrow Agreement the escrow agreement dated 17th May, 2000 entered into between Ricwinco, MIT and the Escrow Agent

subsidiaries or any of their respective associates

"Founder Data Group The group of companies in which after a reorganisation and at Completion shall consist of Founder Data and its subsidiaries and

Please also refer to the published version of this announcement in Hong Kong Standard and
Hong Kong Economic Times.