THE CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Venture International Investment Holdings Limited (the "**Company**"), you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance on the whole or any part of the contents of this circular.

VENTURE INTERNATIONAL INVESTMENT HOLDINGS LIMITED

（宏昌國際投資控股有限公司）*

(incorporated in Bermuda with limited liability)

(Stock Code: 61)

(1) MAJOR TRANSACTION: ACQUISITION OF HUGE VALUE DEVELOPMENT LTD.; (2) RE-ELECTION OF DIRECTORS; AND (3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

A notice convening a special general meeting of the Company to be held at Room 3101, 31st Floor, 118 Connaught Road West, Hong Kong on Monday, 26 March 2007 at 11 a.m. is set out on pages 133 to 134 of this circular.

Whether or not you are able to attend the special general meeting, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the office of the Company's branch share registrar in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the special general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjournment thereof should you so wish.

* *for identification purpose only*

7 March 2007

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

"Acquisition"	the acquisition of the entire issued share capital of Huge Value from the Vendor by the Purchaser
"Agreement"	the sale and purchase agreement dated 12 February 2007 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the entire issued share capital of Huge Value and details of which is set out in the section headed "The Agreement" of the letter from the Board
"associates"	has the same meaning ascribed to this term under the Listing Rules
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday) , on which licensed banks are open for business in Hong Kong throughout their normal business hours
"Company"	Venture International Investment Holdings Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on main board of the Stock Exchange
"Completion"	the completion of the Acquisition in accordance with the terms and conditions of the Agreement
"Completion Date"	the day falling two Business Days after fulfillment (or waiver) of the conditions contemplated under the Agreement
"Directors"	the directors of the Company
"Earn Out Amount"	HK$7 million as stipulated in the Agreement
"Earn Out Period"	the twelve months immediately after the Completion Date
"Grand Panorama"	Grand Panorama Limited, a company incorporated in the British Virgin Islands
"Group"	the Company and its subsidiaries
"Growing Area"	a piece of 1 million Chinese mu grassland at Yi Ke Zhao Meng Hang Jin Qi Hao Rao Chai Da Mu Su Mu (伊克昭盟杭錦旗浩繞柴達木蘇木) in Inner Mongolia Autonomous Region of the PRC for the purposes of licorice roots cultivation

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huge Value"	Huge Value Development Ltd., a company incorporated in the British Virgin Islands on 5 July 2006 with limited liability and is wholly and beneficially owned by the Vendor
"Latest Practicable Date"	5 March 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Management Contracts"	the management contract dated 25 November 2006 signed between Huge Value and Tian Lan in relation to the provision of management and consultancy services by Huge Value to Tian Lan to cultivate licorice roots at the Growing Area; and a supplemental management contract signed between Huge Value and Tian Lan on 29 January 2007 in relation to the clarification of the profit sharing mechanism between Huge Value and Tian Lan
"MOU"	the memorandum of understanding for the sale and purchase of share in Huge Value dated 19 January 2007 and signed between the Vendor and the Purchaser
"Mr. Lim"	Mr. Lim Yew Kong, John, an independent non-executive Director
"Mr. Tse"	Mr. Tse, Michael Nam, the newly appointed Chairman of the Company and an executive Director
"PRC"	The People's Republic of China, which for the purpose of this circular, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Proposed Share Capital Increase"	the proposed increase in the authorised share capital of the Company from HK$100,000,000 divided into 1,000,000,000 Shares of HK$0.10 each to HK$300,000,000 divided into 3,000,000,000 Shares of HK$0.10 each

"Purchaser"	Technology Venture Investments Limited, a wholly-owned subsidiary of the Company
"Sale Share"	one share of US$1 each of Huge Value, representing the entire existing issued share capital of Huge Value to be sold by the Vendor to the Purchaser pursuant to the terms and conditions under the Agreement
"SGM"	the special general meeting of the Company to be held and convened for the Shareholders to consider and, if thought fit, approve the Agreement and all transactions contemplated thereunder, the re-election of Mr. Tse and Mr. Lim as Directors and the Proposed Share Capital Increase
"Shareholder(s)"	shareholder(s) of the Company
"Shares"	ordinary shares of HK$0.10 each in the capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental MOU"	the supplemental memorandum of understanding for the sale and purchase of shares in Huge Value dated 29 January 2007 and signed between the Vendor and the Purchaser
"Tian Lan"	內蒙古天蘭科技治沙產業有限公司 (Inner Mongolia Tian Lan Technology Sand Control Estate Limited)#, a limited company incorporated in the PRC on 3 September 2003
"Total Consideration"	the total consideration of HK$78 million under the Agreement
"Vendor"	Mr. Lau Siu Hung, Ricky, the sole beneficial owner of Huge Value
"HK$"	Hong Kong dollars, the lawful currency for the time being of Hong Kong
"RMB"	Renminbi, the lawful currency for the time being of the PRC
"S$"	Singapore dollars, the lawful currency for the time being of Singapore

\# *The English transliteration of the Chinese names in this circular, where indicated, is included for information purpose only, and should not be regarded as the official English names of such Chinese names.*

"US$"	United States dollars, the lawful currency for the time being of the United States of America
"%"	per cent.

For the purpose of this circular, unless otherwise specified, conversions of United States dollars to Hong Kong dollars, Singapore dollars to Hong Kong dollars and Renminbi to Hong Kong dollars are based on the approximate exchange rate of US$1.00 to HK$7.80, S$1.00 to HK$5.06 and RMB1.00 to HK$1.00 respectively.

VENTURE INTERNATIONAL INVESTMENT HOLDINGS LIMITED
（宏昌國際投資控股有限公司）*

(incorporated in Bermuda with limited liability)

(Stock Code: 61)

Executive Directors:
Mr. Tse, Michael Nam *(Chairman)*
Mr. Chan Tze Ngon

Independent non-executive Directors:
Mr. Benedict Tai
Mr. Fu Yan Yan
Mr. Lim Yew Kong, John
Ms. Wang Xi Ling

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
Room 3101
31st Floor
118 Connaught Road West
Hong Kong

7 March 2007

To the Shareholders

Dear Sir or Madam,

(1) MAJOR TRANSACTION:
ACQUISITION OF HUGE VALUE DEVELOPMENT LTD.;
(2) RE-ELECTION OF DIRECTORS; AND
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

INTRODUCTION

Reference is made to the announcements published by the Company on 12 January 2007, 16 January 2007, 19 January 2007, 29 January 2007, 5 February 2007 and 14 February 2007 in relation to the Acquisition and the entering into of the MOU and the Supplemental MOU.

After 4:00 p.m. on 12 February 2007, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor in relation to the Acquisition for a cash consideration of HK$78 million.

* *for identification purpose only*

In addition to the Acquisition, the Board intended to put forward proposals to the Shareholders in relation to the Proposed Share Capital Increase.

THE AGREEMENT

Date : 12 February 2007

Parties involved:

Vendor : Mr. Lau Siu Hung, Ricky

Purchaser : Technology Venture Investments Limited

The Purchaser is a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability on 30 May 1997 and is principally engaged in investment holdings.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor is a third party independent of the Company and connected persons of the Company (as defined in the Listing Rules) and the Vendor has no other business dealings and transactions with the Group within 12 months prior to the date of the Agreement.

Asset to be acquired

The Sale Share represents the entire issued share capital of Huge Value.

Huge Value is wholly-owned by the Vendor incorporated in the British Virgin Islands with limited liability on 5 July 2006 and is principally engaged in investment holdings. Huge Value has entered into a contract on 25 November 2006 with Tian Lan to provide management and consultancy services to grow licorice roots at the Growing Area and a supplemental contract on 29 January 2007 with Tian Lan to clarify the income sharing mechanism with Tian Lan. Tian Lan is a limited company incorporated in the PRC on 3 September 2003 and is principally engaged in sand control, planting and breeding. According to the management accounts of Tian Lan for the year ended 31 December 2005 and 2006 (which were prepared in accordance with the generally accepted accounting principles in the PRC), Tian Lan has generated approximately RMB9 million (equivalent to approximately HK$9 million) and RMB11.5 million (equivalent to approximately HK$11.5 million) from the sales of licorice roots produced in the Growing Area by Tian Lan for the year ended 31 December 2005 and 2006 respectively.

The followings are the details of the Management Contracts:

Parties : Huge Value and Tian Lan

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, Tian Lan and its ultimate beneficiaries are third parties independent of the Vendor and the Company and connected persons (as defined in the Listing Rules) of the Company and Tian Lan has no other business dealings with the Group within 12 months prior to the date of the Agreement.

Term	:	The Management Contracts shall be effective for a period of forty-seven years from 25 November 2006 to 27 August 2053. Huge Value shall provide management and consultancy services to Tian Lan to cultivate licorice roots at the Growing Area.
Scope of services to be provided by Huge Value to Tian Lan	:	Huge Value shall assist Tian Lan to formulate integrated plan on production, harvest, processing and sales of licorice roots, advise on the daily operation of Growing Area and send representatives to train up Tian Lan's staff, if necessary.
Income sharing ratio	:	Huge Value shall receive 70% of the turnover generated from the sales of licorice roots produced in the Growing Area after deducting 15% on turnover (representing the direct production costs and taxation generated from the sales of licorice roots) from the turnover attributable to the sales of licorice roots by Tian Lan.

Pursuant to the Management Contracts, Tian Lan guarantees it possesses the legitimate land use right of the Growing Area until 2053 and the legitimate operation right of the Growing Area to produce, process and sales of the licorice roots. Tian Lan cannot pledge or transfer or deal with the grassland use right on the Growing Area to other parties without Huge Value's prior approval in writing.

Consideration

The Total Consideration will be settled in cash by the Purchaser in the following manner:

(i) HK$60 million is to be paid upon Completion (the "Basic Consideration"); and

(ii) the remaining balance of HK$18 million (the "Balance") shall be payable by the Purchaser to the Vendor upon the production of evidence to the reasonable satisfaction of the Purchaser that the audited profit after taxation and before any exceptional or extraordinary items of Huge Value, based on Hong Kong Financial Reporting Standards, for the Earn Out Period shall not be less than the Earn Out Amount. For the avoidance of doubt, if Huge Value fails to reach the Earn Out Amount within the Earn Out Period, the Purchaser's obligation to pay to the Vendor the Balance is deemed satisfied and fulfilled.

The Vendor and the Purchaser shall procure the audited financial statements of Huge Value for the Earn Out Period shall be prepared and reported by the auditors for the time being of the Company on or before the date falling four months after the expiry of the Earn Out Period and a separate audit will be performed.

Reference is made to the circulars of the Company dated 31 August 2006 and 13 November 2006. The Group has disposed of 7.48% equity interests in ChinaCast Communication Holdings Limited for a consideration of approximately S$9.3 million (equivalent to approximately HK$47.1 million) and disposed of the unlisted equity investment in 北京東師雙威教育技術開發有限公司 (Beijing Dongshi Shuangwei Education Technology Company Limited)# for a consideration of approximately RMB12 million (equivalent to approximately HK$12 million). The Group will finance the Total Consideration with its internal resources with the application of the proceeds from the abovementioned transactions.

Further details of the basis of determining the Total Consideration are set out in the section headed "Basis of the Total Consideration" below.

Conditions to Completion

Completion of the Acquisition is conditional upon the satisfaction of the following conditions:

(a) the Purchaser being satisfied with the results of the due diligence review;

(b) all representations, warranties and undertakings provided by the Vendor under the Agreement remaining true, accurate and complete in all material respects;

(c) all necessary consents and approvals required to be obtained on the part of Huge Value or the Vendor in respect of the Agreement and the transactions contemplated thereunder;

(d) the Shareholders passing at the SGM the necessary resolution(s) approving the Agreement and the transactions contemplated thereunder; and

(e) the PRC legal opinion (in form and substance satisfactory to the Purchaser) to be issued by a firm of PRC legal advisers acceptable to the Purchaser covering matters which are relevant to the Agreement and the transactions contemplated thereunder being obtained.

The Purchaser has the sole discretion to waive all the conditions as set out above. The Purchaser does not have any current intention to waive any of the said conditions. As at the Latest Practicable Date, the conditions precedent (a), (b), (c) and (e) have been fulfilled.

If the conditions set out above have not been satisfied (or as case maybe, waived by the Purchaser) on or before 4:00 p.m. on 12 June 2007, or such later date as the Vendor and the Purchaser may agree, the Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereof save for any antecedent breaches.

Completion

Completion is expected to take place on the Completion Date or such later date as the Vendor and the Purchaser may agree upon compliance with or fulfillment (or waiver) of all the abovementioned conditions. Following the Completion, Huge Value will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated with the Group. The Purchaser will nominate two executive directors, Mr. Tse and Mr. Chan Tze Ngon to the board of directors of Huge Value and the Company has appointed Mr. Tse as the Chairman of the Company and executive Director with effect from 12 February 2007, who has substantial experience in agricultural and fisheries industry to monitor the business of Huge Value. Reference is made to the announcement published by the Company on 12 February 2007 for the biographical details of Mr. Tse. To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, Mr. Tse is a third party independent of the Vendor and there is no previous business relationship between Mr. Tse and the Vendor prior to the Acquisition. As at the Latest Practicable Date, Mr. Tse holds 30 million Shares representing approximately 3.76% of the share capital of the Company.

ADJUSTMENT TO THE TOTAL CONSIDERATION

The Vendor warrants and guarantees to the Purchaser that the audited net profits, based on the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, after taxation and before any extraordinary or exceptional items of Huge Value for the Earn Out Period ("Actual Profit") shall not be less than HK$5 million (the "Guaranteed Profit"), failing which the Vendor shall pay the shortfall to the Purchaser in cash within 21 days after the delivery of the audited accounts of Huge Value for the Earn Out Period in accordance with the following formula:

Refund amount (A) = (Guaranteed Profit – Actual Profit) x 12

where A is the amount payable to the Purchaser subject to a maximum of HK$40 million. For the avoidance of doubt, if A exceeds HK$40 million, the Vendor will be obligated to pay only HK$40 million to the Purchaser.

The price earnings ratio of 12 included in the formula above is calculated as dividing the Basic Consideration by the Guaranteed Profit. The Directors understand that the Guaranteed Profit was based on the Vendor's assessment with reference to production plan of Tian Lan, the recent market price of licorice roots in the PRC and the current market status of the licorice roots market in the PRC. Based on the above assessment, the Directors are of the view that the aforesaid price earnings multiple is fair and reasonable.

BASIS OF THE TOTAL CONSIDERATION

The Total Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the Earn Out Amount.

According to the audited accounts of Huge Value for the period from 5 July 2006 (the date of incorporation) to 31 December 2006 (which were prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants), Huge Value's audited net loss before taxation and after taxation for the period were HK$15,000 and its audited net liabilities as at 31 December 2006 were HK$14,992. The financial information of Huge Value for the period from 5 July 2006 (the date of incorporation) to 31 December 2006 are set out in the appendix II of this circular.

Since Huge Value is only a company incorporated for a few months, the Board considers it not appropriate to base on the net assets value of Hugh Value to determine the Total Consideration. As the future prospects of Huge Value lies in its ability in generating earnings pursuant to the Management Contracts, the Board considers the price earnings multiple based on the Earn Out Amount, is an appropriate yardstick in determining the Total Consideration.

The Earn Out Amount was arrived after arm's length negotiation between the Purchaser and the Vendor with reference to, among the others things, the prospect of the business of Huge Value, the proportionate share of the turnover generated from the sales of licorice roots with Tian Lan, the production plan of Tian Lan and the track records of Tian Lan to determine. The Earn Out Amount reflects the future earnings potential of Huge Value in consideration of abovementioned factors and the Board (including the independent non-executive Directors) considers that it is a fair and reasonable basis for determining the Total Consideration by reference to the Earn Out Amount and the Earn Out Amount is fair and reasonable.

Based on the Total Consideration, the price earnings multiple for the Acquisition is about 11.14 times after taking into account the Earn Out Amount. Since the provision of management and consultancy services by Huge Value to Tian Lan to grow licorice roots at the Growing Area is a unique service and no data on direct comparable companies could be found by the Board, the Board compared the price earnings multiple for the Acquisition with the price earnings multiple of a Hong Kong listed company which is principally engaged in the forestry industry in the PRC and noted that the price earnings multiple of about 11.14 times for the Acquisition was comparable to the price earnings multiple of that company in the similar industry.

The Directors also consider the Acquisition represents a good opportunity for the Group to enter into a new market with potential after taking into account of the market conditions of the new business. Also, under the directorship of Mr. Tse, who has extensive experience in the agricultural and fisheries industries and extensive business network in developing the new business, the Directors have confidence that the new business can generate new source of income for the Group in future so as to broaden its income base and it is beneficial to the Group's long term development. As such, the Board considers the price earning multiples of about 11.14 times is fair and justifiable.

On this basis, the Board (including the independent non-executive Directors) considers that the terms and conditions of the Agreement and the Total Consideration are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP

The Group is principally engaged in the distribution of information technology products, the provision of computer technology services and the carrying on of property agency business. There is no change in control of the Company within 24 months immediately preceding the Acquisition. Save for the proposed change of the composition of the Board announced by the Company on 12 February 2007, there will be no other change in the composition of the Board as a result of the Acquisition.

REASONS FOR THE ACQUISITION

Licorice root is an important Chinese medicine and it can be used as raw materials for producing food, fire prevention products, cosmetics, feeding stuff and health related products and construction. In the PRC, licorice roots are mainly grown in Inner Mongolia Autonomous Region, Xinjiang Province, Gansu Province, Qinghai Province, Shanxi Province, Ningxia Province, Shaanxi Province, Hebei Province, Jilin Province and Heilongjiang Province of the PRC. The Growing Area is located at the main growing center of licorice roots in the PRC.

The supply of licorice roots in the PRC is gradually reducing in recent years whereas the demand for licorice roots is increasing which leads to market shortage and an upward trend in price of licorice roots is expected in the coming few years. The Board considers that there is a huge market potential in the sales of licorice roots in the PRC.

Whilst the Group has no previous experience in this business sector, the Group nevertheless has appointed Mr. Tse as the executive Director who has substantial experience in agricultural and fisheries industry to monitor the business of Huge Value so as to provide management and consultancy services to grow licorice roots at the Growing Area to Tian Lan. With the new management's expertise and experience, the Board considers that the Group will be able to engage in the business without serious difficulties.

The Directors have always been proactive in seeking opportunities for diversifying the scope of business of the Group and the Board considers that the Acquisition represents an opportunity to assist the Group to diversify the Group's existing business into a high growing industry in the PRC. Based on the above, the Board (including the independent non-executive Directors) considers the Acquisition is in the best interest of the Company and the Shareholders as a whole.

The Board has no intention to cause any material changes to the existing principal activities of the Group upon Completion and save for the Acquisition, as at the date of this circular, the Board has not identified any specific investment opportunities.

LISTING RULES IMPLICATION

The applicable percentage ratios (as defined in the Listing Rules) for the Acquisition are more than 25%, but less than 75%. Pursuant to Rule 14.06(3) of the Listing Rules, the Acquisition constitutes a major transaction for the Company and is therefore subject to the approval of the Shareholders at the SGM.

FINANCIAL EFFECTS OF THE ACQUISITION

For the years ended 31 December 2004 and 2005, the audited consolidated net loss attributable to the equity shareholders of the Company were approximately HK$26.9 million and HK$35.7 million respectively. The unaudited consolidated net loss attributable to the equity shareholders of the Company for the six months ended 30 June 2005 and 2006 were approximately HK$30 million and HK$17.0 million respectively.

The audited consolidated net assets of the Group as at 31 December 2004 and 31 December 2005 were approximately HK$135 million and HK$155 million, respectively. The unaudited consolidated net assets of the Group as at 30 June 2006 was approximately HK$161 million.

According to the audited financial statements of Huge Value for period from 5 July 2006 (the date of incorporation) to 31 December 2006, Huge Value's audited net loss before taxation and after taxation for the period were HK$15,000 and its audited net liabilities as at 31 December 2006 were HK$14,992.

Following the Completion, Huge Value will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated with the Group. In view of the prospects of the new business of Huge Value, the Acquisition will have positive impact on the earnings of the Group in the future.

After the Acquisition, total assets of the enlarged Group will be increased by approximately HK$16.5 million, which represents the goodwill of Acquisition in the amount of approximately HK$78.8 million, net of the cash from realization of available-for-sale investments of approximately HK$58.6 million, and from prepayments, deposits and other receivables of approximately HK$3.7 million. The total liabilities of the Group will also be increased by approximately HK$18 million which represents the amount payable on expiry of Earn Out Period to finance the Acquisition and the total reserves of the Group will be decreased by approximately HK$1.5 million which represents the net effect of the gain on disposal of the available-for-sale investments of approximately HK$15 million and the reversal of revaluation reserves of the available-for-sale investments of approximately HK$16.5 million. As a result, net asset value of the Group is expected to remain the same upon Completion as illustrated in the unaudited pro forma consolidated balance sheet of the Group set out in appendix III of this circular.

As at 31 December 2005 and as at 30 June 2006, the Group's gearing ratios (calculated on the basis of the Group's interest-bearing and unsecured bank loans and finance lease payables over its equity attributable to equity holders of the parent) both were NIL. After the Acquisition, the Group's gearing ratio (calculated as on the basis of Group's interest-bearing and unsecured bank loans and finance lease payables over its equity attributable to equity holders of the parent as stated in the pro forma consolidated balance sheet of the Group set out in appendix III of this circular) will remain unchanged.

SGM

A notice convening the SGM to be held at Room 3101, 118 Connaught Road West, Hong Kong on 26 March 2007 at 11:00 a.m. is set out on pages 133 to 134 in this circular.

As far as Directors are aware of, having made all reasonable enquiries, no Shareholders will be required to abstain from voting for the Agreement and all transactions contemplated thereunder at the SGM.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the offices of the Company's branch registrar in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

RE-ELECTION OF DIRECTORS

Reference is made to the announcement of the Company dated 12 February 2007 in relation to, among other matters, the appointment of Mr. Tse as Chairman of the Company and an executive Director and the appointment of Mr. Lim as an independent non-executive Director respectively. In accordance with the bye-laws of the Company, each of Mr. Tse and Mr. Lim will retire at the SGM and being eligible, offer each of themselves for re-election. A resolution for re-electing each of Mr. Tse and Mr. Lim as Directors will be proposed at the SGM. Disclosures required under the Listing Rules pursuant to such re-election are included in the paragraph headed "Details of the Directors to be re-elected" in the appendix to this circular.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company is HK$100,000,000 divided into 1,000,000,000 Shares of HK$0.10 each of which 798,198,552 Shares have been issued and fully paid or credited as fully paid. In order to accommodate future expansion and growth of the Group, the Directors propose to increase the authorised share capital of the Company from HK$100,000,000 divided into 1,000,000,000 Shares of HK$0.10 each to HK$300,000,000 divided into 3,000,000,000 Shares of HK$0.10 each.

PROCEDURES FOR DEMANDING A POLL AT GENERAL MEETING

According to bye-law 73 of the bye-laws of the Company, a resolution put to the vote at any general meeting shall be determined by a show of hands of the Shareholders present in person (or, in the case of a Shareholder being a corporation, by its authorised representative entitled to vote) or by proxy unless voting by way of a poll is required by the rules of the designated stock exchange or a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded by:

(i) the chairman of such meeting; or

(ii) at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or

(iii) any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or

(iv) any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right; or

(v) if required by the rules of the designated stock exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.

Unless a poll is duly demanded in accordance with the foregoing provisions, a declaration by the chairman that a resolution has on a show of hands been carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

RECOMMENDATION

Taking into consideration of the reasons set out in the paragraph headed "Reasons for the Acquisition" above, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Agreement are fair and reasonable and the entering into the Agreement in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Acquisition and the transactions contemplated thereunder.

The Directors also consider that (i) the re-election of Mr. Tse and Mr. Lim as Directors; and (ii) the Proposed Share Capital Increase are in the interests of the Company and the Shareholders as a whole and accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully
On behalf of the Board
Venture International Investment Holdings Limited
Tse, Michael Nam
Chairman

(A) SUMMARY OF FINANCIAL INFORMATION

The following is a summary of the audited consolidated income statement and the assets and liabilities of the Group for each of the three years ended 31 December 2005. The auditors' reports on the financial statements of the Group for each of the three years ended 31 December 2005 did not contained any qualifications.

	Year ended 31 December		
	2005	**2004**	**2003**
RESULTS	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER			
Continuing operations	128,884	237,841	261,692
Discontinued operations	96,224	–	–
	225,108	237,841	261,692
Cost of sales	(207,990)	(210,676)	(225,408)
Gross profit	17,118	27,165	36,284
LOSS FROM OPERATION	(38,676)	(29,232)	(15,009)
Finance costs	(840)	(523)	(725)
Loss on disposal of subsidiaries relating to discontinued operations	(22,213)	–	–
LOSS BEFORE TAX			
Continuing operations	(12,406)	(29,755)	(15,734)
Discontinued operations	(4,897)	–	–
	(39,516)	(29,755)	(15,734)
Tax			
Continuing operations	2,413	(175)	1,974
Discontinued operations	(740)	–	–
	1,673	(175)	1,974
LOSS BEFORE MINORITY INTERESTS	(37,843)	(29,930)	(13,760)
Minority interests	2,171	3,077	(1,622)
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	(35,672)	(26,853)	(15,382)
LOSS PER SHARE			
Basic	HK$0.02	HK$0.05	HK$0.03
Diluted	N/A	N/A	N/A
ASSETS AND LIABILITIES			
Total assets	202,868	325,450	371,276
Total liabilities	(47,559)	(190,306)	(206,572)
	155,309	135,144	164,704
Minority interests	–	(4,454)	(7,531)
Shareholders' funds	155,309	130,690	157,173

(B) AUDITED FINANCIAL STATEMENTS

The following is an extract of the audited financial statements of the Group from the annual reports of the Company for the year ended 31 December 2005.

Consolidated Income Statement

	Notes	**2005** *HK$'000*	**2004** *HK$'000*
CONTINUING OPERATIONS			
Revenue	*6*	128,884	237,841
Cost of sales		(119,990)	(210,676)
Gross profit		8,894	27,165
Other income	*6*	8,902	1,816
Selling and distribution expenses		(4,039)	(11,627)
Administrative expenses		(23,948)	(37,118)
Other expenses		(1,046)	(9,468)
Impairment losses of goodwill	*15*	(602)	–
LOSS FROM CONTINUING OPERATIONS	*7*	(11,839)	(29,232)
Finance costs	*9*	(567)	(523)
LOSS BEFORE TAX		(12,406)	(29,755)
Income tax income (expense)	*10*	2,413	(175)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(9,993)	(29,930)
DISCONTINUED OPERATION			
Loss for the year from discontinued operation	*33(b)*	(27,850)	–
Loss for the year		(37,843)	(29,930)

	Notes	2005 HK$'000	2004 HK$'000
Attributable to:			
– Equity holders of the parent		(35,672)	(26,853)
– Minority interest		(2,171)	(3,077)
		(37,843)	(29,930)
LOSS PER SHARE FROM CONTINUING OPERATIONS ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE PARENT	*11*		
Basic		HK$0.02	HK$0.05
Diluted		N/A	N/A

Consolidated Balance Sheet

		2005	2004
	Notes	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS			
Fixed assets	*12*	1,916	4,601
Intangible assets	*13*	12,772	1,387
Interest in a jointly controlled entity	*16*	–	104
Financial assets	*17*	91,700	66,681
Deposits	*18*	–	14,151
		106,388	86,924
CURRENT ASSETS			
Inventories	*19*	3,444	28,197
Accounts and bills receivable	*20*	24,718	52,267
Prepayments, deposits and other receivables	*18*	16,006	50,019
Financial assets	*17*	–	23,045
Pledged time deposits	*22*	139	5,141
Cash and cash equivalents	*22*	52,173	79,857
		96,480	238,526
TOTAL ASSETS		202,868	325,450
CURRENT LIABILITIES			
Accounts and bills payable	*23*	2,002	52,304
Tax payable		8,993	11,670
Accrued liabilities and other payables	*24*	35,525	79,953
Bank and other borrowings	*25*	626	45,617
Current portion of obligation under finance lease	*26*	203	275
		47,349	189,819
NET CURRENT ASSETS		49,131	48,707

	Notes	2005 HK$'000	2004 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		155,519	135,631
NON-CURRENT LIABILITIES			
Obligation under finance lease	*26*	51	254
Deferred tax	*27*	159	233
		210	487
NET ASSETS		155,309	135,144
CAPITAL AND RESERVES			
Issued capital	*28*	55,735	50,273
Reserves	*30(a)*	99,574	80,417
		155,309	130,690
MINORITY INTEREST		–	4,454
TOTAL EQUITY		155,309	135,144

Consolidated Statement of Changes in Equity
Year ended 31 December 2005

	Issued capital	Share premium account	Contributed surplus	Goodwill reserve	Exchange fluctuation reserve	Re-valuation reserve	Accumu-lated losses	Sub-total of reserves	Minority interest	Total
	HK$'000 *(note 28)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2004	50,121	341,071	(19)	(43,248)	64	–	(190,816)	107,052	7,531	164,704
Exchange realignment and net gains not recognised in the income statement	–	–	–	–	15	–	–	15	–	15
Exercise of share options	152	203	–	–	–	–	–	203	–	355
Share of loss	–	–	–	–	–	–	–	–	(3,077)	(3,077)
Net loss for the year	–	–	–	–	–	–	(26,853)	(26,853)	–	(26,853)
At 31 December 2004	50,273	341,274	(19)	(43,248)	79	–	(217,669)	80,417	4,454	135,144
At 1 January 2005	50,273	341,274	(19)	(43,248)	79	–	(217,669)	80,417	4,454	135,144
Issue of consideration shares	5,462	1,038	–	–	–	–	–	1,038	–	6,500
Write off on disposal of a subsidiary	–	–	–	42,646	–	–	–	42,646	–	42,646
Impairment of goodwill	–	–	–	602	–	–	–	602	–	602
Currency translation differences	–	–	–	–	315	–	–	315	–	315
Fair value gain on available-for-sale investment	–	–	–	–	–	10,228	–	10,228	–	10,228
Elimination on buyout of minority interest	–	–	–	–	–	–	–	–	(4,454)	(4,454)
Net loss for the year	–	–	–	–	–	–	(35,672)	(35,672)	–	(35,672)
At 31 December 2005	55,735	342,312	(19)	–	394	10,228	(253,341)	99,574	–	155,309

Consolidated Cash Flow Statement
Year ended 31 December 2005

	Notes	2005 HK$'000	2004 HK$'000
Loss before tax			
Continuing operations		(12,406)	(29,755)
Discontinued operation	33(b(1))	(4,897)	–
		(17,303)	(29,755)
CASH FLOWS FROM OPERATING ACTIVITIES			
Adjustments for:			
Bank interest income	6	(594)	(642)
Depreciation	12	2,255	2,700
Impairment of goodwill	15	602	–
Amortisation and write-off of deferred development costs	13	811	879
Write-off of fixed assets		56	–
Loss on disposal of fixed assets, net		4	–
Excess of net assets over cost of a business combination		(2,233)	–
Finance costs		840	523
Other income		(5)	–
Waiver by the buyer of a subsidiary of an amount due by the Group		18,615	–
Provision for doubtful debts, net		843	8,589
Operating profit (loss) before changes in working capital		3,891	(17,706)
Changes in working capital	31	(28,261)	(9,601)
Cash used in operations		(24,370)	(27,307)
PRC income tax paid		(1,078)	(147)
Hong Kong profits tax refunded		–	153
Net cash outflow from operating activities		(25,448)	(27,301)
Net cash outflow from operating activities:			
Continuing operations		(11,298)	(27,301)
Discontinued operation	33(c)	(14,150)	–
		(25,448)	(27,301)

	Notes	2005 HK$'000	2004 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets	*12*	(1,001)	(1,644)
Repayment by (to) an investee company	*17*	23,045	(14,506)
Decrease in pledged time deposits		5,002	11,329
Increase in non-pledged time deposits with original maturity of more than three months when acquired		33,962	280
Bank interest received		594	913
Acquisition of subsidiary, net of cash acquired	*32(d)*	(5,909)	–
Sale proceeds of disposal of a subsidiary, net of cash of the subsidiary disposed of	*33(a)*	3,323	–
Effect of changes in foreign exchange rate, net		(415)	15
Disposal of in a jointly controlled entity	*16*	–	(104)
Refund of deposits for investment, net	*18*	–	13,502
Net cash inflow from investing activities		58,601	9,785
Net cash inflow (outflow) from investing activities:			
Continuing operations		59,350	9,785
Discontinued operation	*33(c)*	(749)	–
		58,601	9,785

	Notes	2005 HK$'000	2004 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New inception of bank loans		47,115	45,655
New inception of other loans		6,500	–
Repayment of bank loans		(69,865)	(40,283)
Repayment of other loans		(8,060)	–
Decrease in loan under trust receipt		(1,170)	–
Interest paid		(805)	(486)
Payment of finance lease:			
– capital element		(275)	(290)
– interest element		(35)	(37)
Exercise of share options		–	355
Net cash inflow (outflow) from financing activities		(26,595)	4,914
Net cash inflow (outflow) from financing activities:			
Continuing operations		(26,955)	4,914
Discontinued operation	*33(c)*	360	–
		(26,595)	4,914
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		6,558	(12,602)
Cash and cash equivalents at beginning of the year		44,989	57,591
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		51,547	44,989
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		52,173	45,895
Bank overdraft, secured		(626)	(906)
		51,547	44,989

Balance Sheet
At 31 December 2005

	Notes	2005 HK$'000	2004 HK$'000
NON-CURRENT ASSETS			
Fixed assets	12	254	460
Interests in subsidiaries	14	100,847	104,158
		101,101	104,618
CURRENT ASSETS			
Prepayments, deposits and other receivables		515	468
Due from an investee company		–	15
Pledged time deposits	22	–	3,000
Cash and cash equivalents	22	30	29
		545	3,512
TOTAL ASSETS		101,646	108,130
CURRENT LIABILITIES			
Accrued liabilities and other payables	24	4,037	2,508
Bank and other borrowings	25	598	856
Current portion of obligation under finance lease	26	203	275
		4,838	3,639
NET CURRENT LIABILITIES		(4,293)	(127)
TOTAL ASSETS LESS CURRENT LIABILITIES		96,808	104,491
NON-CURRENT LIABILITIES			
Obligation under finance lease	26	51	254
		96,757	104,237
CAPITAL AND RESERVES			
Issued capital	28	55,735	50,273
Reserves	30(b)	41,022	53,964
		96,757	104,237

Notes to Financial Statements

31 December 2005

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

Venture International Investment Holdings Limited (formerly known as "Technology Venture Holdings Limited") ("the Company") and its subsidiaries (together "the Group") distribute and sell computer hardware and software products and services. The Group has its operation principally in Mainland China.

The Company is a limited liability company incorporated in Bermuda. The address of its principal place of business in Hong Kong is Room 3101, 31st Floor, 118 Connaught Road West, Hong Kong.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited.

Unless otherwise stated, the Group's consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000). Immaterial items are not presented.

These consolidated financial statements have been approved for issue by the Board of Directors on 13 April, 2006.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the compilation of these consolidated financial statements are summarised below. Unless otherwise stated, these policies have been consistently applied to all the years presented.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving high degree of judgement or where assumptions and estimates are significant to the consolidated financial statements are summarised in Note 4.

The adoption of HKFRS

In 2005, the Group adopts the standards and interpretations of HKFRS below, which are relevant to its operations.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment

HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 31	Interests in Joint Ventures
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, contingent liabilities and contingent assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations

The adoption of HKASs 1, 2, 7, 8, 10, 12, 14, 16, 17, 18, 19, 21, 24, 27, 31, 33 and 37 did not result in substantial changes to the Group's accounting policies. In summary:

– HKAS 1 has affected the presentation of minority interest.

– HKASs 2, 7, 8, 10, 12, 14, 16, 17, 18, 19, 24, 27, 31, 33 and 37 had no material effect on the Group's policies.

– HKAS 21 had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard. All the Group entities have the same functional currency as the presentation currency for respective entity financial statements.

The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy relating to the reclassification of long term investment to available-for-sale financial assets.

The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. Until 31 December 2004, the provision of share options to employees did not result in an expense in the income statements. Effective on 1 January 2005, the Group expends the cost of share options in the income statement. As a transitional provision, the cost of share options granted after 7 November 2002 and had not yet vested on 1 January 2005 was expended retrospectively in the income statement of the respective periods.

There was no grant of option in 2005 and all grants made in the period between 7 November 2002 to 31 December 2004 have either vested or lapsed due to non-acceptance of the grants. Accordingly, there is no expending of cost of share option during the year.

The adoption of HKFRS 3, HKAS 36 and HKAS 38 results in a change in the accounting policy for goodwill. Until 31 December 2004, goodwill was eliminated against consolidated reserves and not assessed for indication of impairment at each balance sheet date.

In accordance with the provisions of HKFRS 3, goodwill is tested annually for impairment, as well as when there is indication of impairment, starting from 1 January 2005.

The Group has also reassessed the useful lives of its intangible assets in accordance with the provisions of HKAS 38.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards, wherever applicable. All standards adopted by the Group require retrospective application other than HKFRS 3, HKASs 38 and 39.

For the year ended 31 December 2005, there are the following impacts on the financial information:

	HK$'000
The adoption of HKAS 39 results in:	
Increase in available-for-sale investments *(Note 17)*	10,228
Increase in revaluation reserve	10,228
The adoption of HKFRS 3 results in:	
Decrease in goodwill previously taken directly to reserves *(Note 15)*	602
Increase in accumulated losses	602

Application of new standards and interpretations issued but not yet effective by the time of this report would have no significant impact on the financial information.

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries.

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation difference on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the exchange fluctuation reserve in equity.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Fixed assets

The assets are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expended in the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost or revalued amounts to their residual values over their estimated useful lives, as follows:

– Leasehold improvement 33 $^{1}/_{3}$% or over the lease terms, whichever is lower

– Vehicles 33 $^{1}/_{3}$%

– Furniture, fittings and equipment 33 $^{1}/_{3}$%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the amount of the asset's carrying amount is greater than its estimated recoverable amount.

2.6 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill on acquisition of subsidiaries before 1 January 2005 is eliminated against reserves. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(b) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year; are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives not exceeding three years.

(c) Deferred development costs

Deferred development costs represent costs incurred in the development of products of the Group's brand names and are amortised on the straight-line basis over the estimated commercial lives of the underlying products not exceeding three years, commencing from the date when the products are available for use.

2.7 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.8 Available-for-sale investments

Investments are recognised on a trade-date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

Gains and losses of available-for-sale investments arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments can be objectively related to an event occurring after the recognition of the impairment loss.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contracts in question.

Financial assets

(a) Financial assets, trade receivables, deposits, other receivables, prepayments and amounts due from investee companies

Trade receivables, deposits, other receivables, prepayments and amounts due from investee companies are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Depending on the nature of the product / service and the background of the customer, payment term ranges from advance payment to 90-day credit.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits, and other short-term highly liquid investments (normally with maturities of 3 months or less) that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(a) Accounts payable

Trade payables and other payable are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

(b) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2.11 Employee benefits

(a) Post-employment benefits

Group companies operate various mandatory post-employment benefit schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds in Hong Kong and pertinent state organizations in Mainland China. All schemes are defined contribution plans which are pension plans under which the Group pays fixed contributions. The Group has no legal or constructive obligations to pay further contributions if the funds in question do not hold sufficient assets to pay to the employees the benefits relating to their services in the current and prior periods.

The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expended over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(c) Termination benefits

Termination benefits are payable, at the discretion of the directors, when employment is terminated before normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognised termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(d) Profit-sharing and bonus plans

The Group provides bonus to employees at the discretion of the directors. When the bonus is declared, the Group recognises a liability and an expense. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.12 Provision

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be minimal.

2.13 Revenue recognition

Revenue comprises the fair values of sales of goods and services, net of value-added tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(a) Sale of goods

Sale of goods is recognised when a Group entity has delivered products to the customer, who has accepted the products and collectibility of the related receivables is reasonably assured.

Products may be sold with a right of return under individual contracts. Accumulated experience is used to estimate and provide for such returns at the time of sale.

(b) Rendering of service

Provision of service is recognised in the accounting period in which the service is completed.

(c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.14 Leases

(a) Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expended in the income statement on a straight-line basis over the period of the lease.

(b) Finance lease

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance lease. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. The interest element of the finance cost is recognised in the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The investment properties acquired under finance leases are carried at their fair value.

2.15 Income tax

Income tax for the year comprises current tax and deferred tax. Current tax and movements in deferred tax liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of the assets and liabilities for financial reporting purposes and the amount used for taxation purposes (tax base).

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Deferred tax asset is not recognised when there is uncertainty about whether sufficient taxable profit will be made in the future to allow the related tax benefit to be utilised.

2.16 Related parties

Parties are considered to be related if one party has the ability, directly, or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

3. FINANCIAL RISK MANAGEMENT

Activities of the Group expose it to a variety of financial risks. Group's management monitors on an ongoing basis the movements and trends in foreign exchanges, interest rates, inventory and product prices. Where significant, the Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the operating companies and the head offices in Hong Kong. Group management identifies, evaluates and, where necessary, hedges financial risks in co-operation with the Group's operating units.

(a) Market risk

(i) Currency risk

The Group operates principally in Mainland China and is mainly exposed to foreign exchange risk arising from changes in exchange rate of the Renminbi, primarily with respect to the Hong Kong dollar.

To manage their foreign exchange risk arising from future commercial transactions, and recognised assets and liabilities, entities in the Group use forward contracts on a discretionary basis. Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group has its principal investment in Mainland China which, for financial reporting purpose, is treated as foreign operations, whose net assets are exposed to foreign currency transaction risk. Currency exposure arising from the net assets of the Group's foreign operations is not hedged as the currency risk is not deemed significant.

(ii) Price risk

The Group is exposed to risk of equity securities because the Group holds available-for-sale financial assets.

(b) Credit risk

The Group has no significant concentrations of credit risk. It also has policies in place to ensure that sales of products are made to customers with an appropriate credit history.

(c) Liquidity risk

The Group manages the risk of funding problem by maintaining sufficient cash, marketable securities and committed credit facilities during periods of low cash position.

(d) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets and liabilities, the Group's income and operating cash flows are relatively unaffected by ordinary changes in market interest rates.

4. IMPORTANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates significant to the Group included those relating to fair value of financial assets and liabilities and bad debts.

5. SEGMENT INFORMATION

Segment information is presented primarily by business and secondarily by geographical locations of external customers.

Each segment represents a strategic business unit that offers products or services which are subject to risks and returns different from other segments. The Group's two principal segments are:

(a) the banking and finance system integration services segment which provides system integration, software development, engineering, maintenance and professional outsourcing services for banking and finance, telecommunications and public sector clients;

(b) the software solutions for banks and public sector segment which concentrates on the banking, e-commerce and public sectors with a business focus on e-business operations and online marketplaces.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

(a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments.

	Banking and finance systems integration services		Software solutions for banks and the public sector		IT management and support		Eliminations		Total for continuing operations	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:										
Sales to external customers	124,899	78,270	3,462	159,571	523	–	–	–	128,884	237,841
Intersegment sales	–	–	–	820	–	–	–	(820)	–	–
Interest income	550	194	–	213	2	–	–	–	552	407
Other income	5,514	178	12	657	–	–	–	–	5,526	835
Total	130,963	78,642	3,474	161,261	525	–	–	(820)	134,962	239,083
Segment results	(2,017)	(5,314)	1,527	(6,527)	141	–	–	–	(349)	(11,841)
Unallocated interest income									41	235
Unallocated gains									2,783	339
Unallocated expenses									(14,314)	(17,965)
Loss from continuing operations									(11,839)	(29,232)
Finance costs									(567)	(523)
Loss before tax									(12,406)	(29,755)
Income tax income (expense)									2,413	(175)
Loss for the year from continuing operations									(9,993)	(29,930)

	Banking and finance systems integration services		Software solutions for banks and the public sector		IT management and support		Eliminations		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	152,434	278,547	77	111,702	14,206	–	(58,392)	(135,616)	108,325	254,633
Unallocated assets:										
Available-for-sale investments									91,700	66,681
Others									2,843	4,136
Total assets									202,868	325,450
Segment liabilities	(89,919)	(172,943)	(1,118)	(78,418)	(589)	–	58,392	135,616	(33,234)	(115,745)
Unallocated liabilities									(13,699)	(74,561)
Bank overdrafts included in segment liabilities									(626)	–
Total liabilities									(47,559)	(190,306)
Other segment information:										
Cash and bank balances included in segment assets	51,616	44,597	28	35,231	489	–	–	–	52,133	79,828
Unallocated amounts									40	29
									52,173	79,857
Pledged time deposits included in segment assets	139	2,141	–	–	–	–	–	–	139	2,141
Unallocated amounts									–	3,000
									139	5,141
Depreciation and amortisation	1,310	1,685	500	1,380	–	–	–	–	1,810	3,065
Unallocated amounts									445	514
									2,255	3,579
Provision for doubtful debts, net	1,042	6,059	3	2,530	–	–	–	–	1,045	8,589
Other non-cash expenses	–	–	(2)	–	–	–	–	–	(2)	–
Unallocated amounts									(56)	–
									(58)	–
Capital expenditure	322	1,090	388	442	62	–	–	–	772	1,532
Unallocated amounts									295	112
									1,067	1,644

(b) Geographical segments

The following tables present revenue and certain asset and expenditure information for the Group's geographical segments.

	Hong Kong		Elsewhere in the PRC		Eliminations		Consolidated	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:								
Sales to external customers	524	430	128,360	237,411	–	–	128,884	237,841
Intersegment sales	–	–	–	820	–	(820)	–	–
	524	430	128,360	238,231	–	(820)	128,884	237,841
Segment assets	569,409	580,657	95,673	254,564	(553,914)	(576,556)	111,168	258,665
Unallocated amounts:								
Available-for-sale investments							91,700	66,785
							202,868	325,450
Other segment information:								
Capital expenditure	295	119	772	1,525	–	–	1,067	1,644

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

6. REVENUE AND OTHER INCOME

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and services. All significant intra-Group transactions have been eliminated on consolidation.

An analysis of revenue and other income is as follows:

	Group	
	2005	**2004**
	HK$'000	*HK$'000*
CONTINUING OPERATIONS:		
Revenue		
– Sale of goods	110,958	208,194
– Rendering of computer technology services	17,926	29,647
	128,884	237,841
Other income		
– Interest income	594	642
– Reversal of over-provision of business tax in previous years	5,285	–
– Excess of interest in the net fair value of acquiree's identifiable assets and liabilities over cost of acquisition of Advanced Digital Technology Company Limited	2,234	–
– Waiver by a minority shareholder of a subsidiary of an amount due by the Group	–	657
– Government tax subsidies	453	178
– Sundry income	336	339
	8,902	1,816
	137,786	239,657

7. LOSS FROM CONTINUING OPERATIONS

The Group's loss from continuing operation is arrived at after charging (crediting):

	Notes	2005 HK$'000	2004 HK$'000
Costs of inventories sold and services rendered		119,990	210,676
Depreciation	*12*	1,754	2,700
Impairment of goodwill		602	–
Amortisation of deferred development costs	*13*	–	879
Payments under operating leases in respect of land and buildings		3,171	3,140
Auditors' remuneration		897	1,400
Staff costs, excluding directors' remuneration:			
– Salaries		10,750	30,399
– Retirement benefit – payment to defined compensation plans:			
– Mainland China		1,394	3,917
– Hong Kong		115	113
– Other benefits		1,405	–
		13,664	34,429
Exchange loss (gain), net		(747)	27
Write-off of fixed assets, net		56	–
Provision for doubtful debts, net		1,045	8,589

8. REMUNERATION OF DIRECTORS AND THE FIVE HIGHEST PAID EMPLOYEES

(a) Directors

The remuneration of the Company's directors disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance are as follows:

	Group 2005 HK$'000	2004 HK$'000
Fees:		
Independent non-executive directors	550	440
	550	440
Other emoluments of executive directors:		
Basic salaries, allowances and benefits in kind	6,424	6,743
Contributions to Mandatory Provident Fund	37	45
	6,461	6,788
	7,011	7,228

The number of directors whose remuneration fell within the following bands is as follows:

	Number of directors 2005	2004
Nil to HK$1,000,000	5	5
HK$1,000,001 to HK$2,000,000	–	–
HK$2,000,001 to HK$3,000,000	2	2
	7	7

(b) The remuneration of every director for the year is set out below:

Name	Fees	Salary	Employer's contribution to pension scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
(1) Executive				
Chan Tze Ngon	–	2,686	12	2,698
Wu Emmy	–	2,730	12	2,742
Tang Kin Hung	–	968	12	980
Chow Siu Lam, Cliff (resigned on 1 Feb 2005)	–	40	1	41
(2) Independent Non-executive				
Lo Siew Kiong, John	200	–	–	200
Fu Yan Yan	200	–	–	200
Wang Xi Ling	150	–	–	150
	550	6,424	37	7,011

(c) Five highest paid employees

The five highest paid employees included three (2004: three) directors during the year, details of whose remuneration are set out above.

Details of the remuneration of the remaining two (2004: two) non-director, highest paid employees are as follows:

	2005	2004
	HK$'000	*HK$'000*
Basic salaries, other allowances and benefits in kind	1,241	1,375
Contributions to Mandatory provident fund	24	24
	1,265	1,399

The remuneration of each of the non-director, highest paid employees for the year ended 31 December 2005 and 2004 fell within the Nil to HK$1,000,000 band.

During the year, no discretionary bonus, inducement to join and compensation for loss of office has been made.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

In the opinion of the directors of the Company, the Group had no significant obligations for long service payments to its employees pursuant to the requirements of the Hong Kong Employment Ordinance.

9. FINANCE COSTS

	Group	
	2005	**2004**
	HK$'000	*HK$'000*
Interest on bank and other borrowing wholly repayable within five years	532	486
Interest on finance leases	35	37
	567	523

10. TAX

	Continuing Operations 2005	**Discontinued Operation 2005**	**2005 Total**	**2004 Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current tax:				
Hong Kong	–	–	–	–
Mainland China	1,160	131	1,291	1,415
Underprovision (Overprovision) in prior years	(3,499)	609	(2,890)	(1,240)
Tax (income) charge	(2,339)	740	(1,599)	175
Deferred tax *(Note 27)*	(74)	–	(74)	–
	(2,413)	740	(1,673)	175

The tax income arises due to reversal of excess amounts of corporate income tax in respect of branch office in Mainland China provided in previous years.

The current tax charge principally relate to the following companies.

(a) Continuing operations

The corporate income tax rate applicable to Topasia Tech (Shanghai) Limited, a subsidiary of the Company established in Mainland China, is 27%.

The corporate income tax rate applicable to Topasia IT Service (Shanghai) Co., Ltd., a subsidiary of the Company established in Mainland China, is 33%.

(b) Discontinued operation

Beijing Advanced Digital Information Technology Company Limited ("ADT (BJ)"), a subsidiary of the Company established in Mainland China, is exempted from corporate income tax for three years starting from the year ended 31 December 2001, and thereafter is eligible for a 50% relief from income tax for the following three years under the Income Tax Law of China. The corporate income tax rate applicable to ADT (BJ) is 15%. As a result of the exemptions, ADT (BJ) is exempted from the obligation to pay income tax for the years ended 31 December 2001, 2002 and 2003, and subject to income tax at the rate of 7.5% for the year ended 31 December 2004 and 31 December 2005.

A reconciliation of the tax charge (credit) applicable to the Group's loss before tax using the statutory tax rates to the tax charge (credit) at the effective tax rates, are as follows:

	Continuing Operations 2005	**Discontinued Operation 2005**	**2005 Total**	**2004 Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Loss before tax	(12,406)	(4,897)	(17,303)	(29,755)
Tax credit at the applicable rates to losses in the countries concerned	(7,828)	(735)	(8,563)	(4,603)
Income not subject to tax	(9,679)	–	(9,679)	(505)
Expenses not deductible for tax	18,663	866	19,529	6,559
Increase in unutilised tax losses carryforward	4	–	4	22
Tax losses from previous years utilised	–	–	–	(58)
Tax charge at the Group's effective rate	1,160	131	1,291	1,415
Adjustments in respect of current tax of previous year	(3,573)	609	(2,964)	(1,240)
Tax charge (credit) at the Group's effective rate	(2,413)	740	(1,673)	175

The Group has tax losses arising in Hong Kong of approximately HK$18,000,000 (2004: HK$18,000,000) that are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses due to uncertainty of future results.

11. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2005	2004
	HK$'000	*HK$'000*
Loss attributable to equity holders of the Company		
– Continuing operations	7,822	26,853
– Discontinued operation	27,850	–
	35,672	26,853
Weighted average number of ordinary shares in issue (thousands)	516,048	502,435
Basic loss per share (HK$ per share)		
– Continuing operations	0.02	0.05
– Discontinued operation	0.05	–

Diluted loss per share amounts are not presented as the share options outstanding during the years had an anti-dilutive effect on the basic loss per share.

12. FIXED ASSETS

Group

	Leasehold improvements *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost				
At beginning of the year	3,647	24,928	2,570	31,145
Additions	250	660	91	1,001
Additions of subsidiaries	–	66	–	66
Disposal of a subsidiary	(624)	(3,137)	(244)	(4,005)
Disposals	–	(15)	–	(15)
Write-off	(1,716)	(1,819)	(277)	(3,812)
Exchange differences	–	68	16	84
At end of the year	1,557	20,751	2,156	24,464
Accumulated depreciation:				
At beginning of the year	3,529	21,258	1,757	26,544
Provided during the year	91	1,589	575	2,255
Disposal of a subsidiary	(624)	(1,724)	(176)	(2,524)
Additions of subsidiaries	–	1	–	1
Disposals	–	(11)	–	(11)
Write-off	(1,660)	(1,819)	(277)	(3,756)
Exchange differences	–	31	8	39
At end of the year	1,336	19,325	1,887	22,548
Net book value:				
At 31 December 2005	221	1,426	269	1,916
At 31 December 2004	118	3,670	813	4,601
Net book value of assets under finance lease:				
At 31 December 2005	–	–	8	8
At 31 December 2004	–	–	327	327

Company

	Leasehold improvements *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost:				
At beginning of the year	1,715	1,047	1,295	4,057
Additions	189	106	–	295
Write-off	(1,716)	–	–	(1,716)
At end of the year	188	1,153	1,295	2,636
Accumulated depreciation:				
At beginning of the year	1,614	1,015	968	3,597
Provided during the year	78	48	319	445
Write-off	(1,660)	–	–	(1,660)
At end of the year	32	1,063	1,287	2,382
Net book value:				
At 31 December 2005	156	90	8	254
At 31 December 2004	101	32	327	460

13. INTANGIBLE ASSETS

Group

	Goodwill *HK$'000*	**Deferred development cost** *HK$'000*	**Total** *HK$'000*
Cost:			
At 1 January and 31 December 2004	–	6,869	6,869
Accumulated amortization:			
At 1 January 2004	–	4,603	4,603
Amortisation during the year	–	879	879
At 31 December 2004	–	5,482	5,482
Net book value:			
At 31 December 2004	–	1,387	1,387
Cost:			
At 1 January 2005	–	6,869	6,869
Additions	12,772	–	12,772
Disposal of a subsidiary	–	(2,636)	(2,636)
Write-off	–	(4,233)	(4,233)
At 31 December 2005	12,772	–	12,772
Accumulated amortization:			
At 1 January 2005	–	5,482	5,482
Amortisation during the year	–	811	811
Disposal of a subsidiary	–	(2,060)	(2,060)
Write-off	–	(4,233)	(4,233)
At 31 December 2005	–	–	–
Net book value:			
At 31 December 2005	12,772	–	12,772

14. INTERESTS IN SUBSIDIARIES

	Company 2005	Company 2004
	HK$'000	*HK$'000*
Unlisted shares, at cost	39,631	39,631
Due from subsidiaries	328,639	331,989
Due to subsidiaries	(2,041)	(2,080)
	366,229	369,540
Provision for impairment	(265,382)	(265,382)
	100,847	104,158

The balances with subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

At the balance sheet date, the Company has interests in the following principal subsidiaries:

Company	Place of incorporation/ and operations	Nominal value of paid-up share/ registered capital	Proportion of ownership interest 2005	Proportion of ownership interest 2004	Principal activities
Held directly:					
Technology Venture Investments Limited	British Virgin Islands/ Hong Kong	Ordinary US$1,000 (equivalent to approximately HK$78,000)	100	100	Investment holding
Held indirectly:					
Sequent China/ Hong Kong Limited	Hong Kong/ Mainland China	Ordinary HK$10,000	100	100	Distribution of information technology products and provision of computer technology services
Technology Venture (Software) Holdings Limited	British Virgin Islands/ Hong Kong	Ordinary US$1,000 (equivalent to approximately HK$78,000)	100	100	Investment holding
Topasia Computer Limited	Hong Kong/ Mainland China	Ordinary HK$10,000	100	100	Distribution of information technology products and provision of computer technology services
Topsoft Limited	Hong Kong	Ordinary HK$10,000	100	100	Distribution of information technology products and provision of computer technology services
Advanced Digital Technology Company Limited	British Virgin Islands/ Mainland China	Ordinary US$1,000 (equivalent to approximately HK$78,000)	100	55	Investment holding
Advanced Digital Technology Company Limited	Hong Kong/ Mainland China	Ordinary HK$2	100	55	Provision of systems integration services and software development

Company	Place of incorporation/ and operations	Nominal value of paid-up share/ registered capital	Proportion of ownership interest 2005	2004	Principal activities
Topasia Tech (Shanghai) Limited *(Note 1)*	Mainland China	Registered Capital US$3,800,000 (equivalent to approximately HK$29,640,000)	100	100	Distribution of information technology products and provision of computer technology services
Topasia IT Service (Shanghai) Company Limited *(Note 2)*	Mainland China	Registered Capital US$1,000,000 (equivalent to approximately HK$7,800,000)	100	100	Provision of systems integration and maintenance services
Acacia Asia Partners Limited	British Virgin Islands/ Mainland China	Ordinary US$1	100	–	Investment holding
Acacia Asia Partners Limited *(Note 3)*	Mainland China	Registered Capital US$140,000 (equivalent to approximately HK$1,092,000)	100	–	Network technology, software development and provision of technical support services

Notes:

1. Topasia Tech (Shanghai) Limited is a wholly-foreign owned enterprise established by Topasia Computer Limited in Mainland China for a period of 20 years commencing from the date of issuance of its business licence on 29 November 2001.

2. Topasia IT Service (Shanghai) Company Limited is a wholly-foreign owned enterprise established by Topasia Computer Limited in Mainland China for a period of 20 years commencing from the date of issuance of its business licence on 28 January 2002.

3. Acacia Asia Partners Limited ("Acacia SH") is a wholly-foreign owned enterprise established by Acacia Asia Partners Limited ("Acacia BVI") in Mainland China for a period of 20 years commencing from the date of issuance of its business licence on 20 July 2005.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affect the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

15. GOODWILL PREVIOUSLY TAKEN DIRECTLY TO RESERVES

The balances of goodwill presented in the group statement of changes in equity are as follows:

	2005	**2004**
	HK$'000	*HK$'000*
Goodwill acquired in business combinations:		
At beginning of the year	43,248	43,248
Write-off on disposal of a subsidiary *(Note 33b (2))* – Beijing Advanced Digital Information Technology Company Limited	(42,646)	–
Impairment losses – Sequent China/Hong Kong Limited	(602)	–
At end of the year	–	43,248

16. INTEREST IN A JOINTLY CONTROLLED ENTITY

	Group	
	2005	**2004**
	HK$'000	*HK$'000*
Share of net assets, unlisted	–	104

The investments of 33.33% in Advanced Yixin Technology Co., Ltd. was disposed of together with ADT (BJ) in November 2005.

17. FINANCIAL ASSETS

	2005	**2004**
	HK$'000	*HK$'000*
Non-current assets		
Available-for-sale investments:		
Listed, outside Hong Kong	66,681	66,681
14.96% of ChinaCast Communication Holdings Limited		
Revaluation surplus transferred to equity	10,228	–
	76,909	66,681
Unlisted, outside Hong Kong		
20% of Beijing Dongshi Shuangwei Education		
Technology Company Limited *(Note 18)*	14,791	–
	91,700	66,681
Current assets		
Advance to CCT Group		
– unsecured	–	23,030
Other receivables	–	15
	–	23,045

ChinaCast Communication Holdings Limited ("CCH"), a company incorporated in Bermuda on 20 November 2003, is the listed holding company of the ChinaCast Technology Group ("CCT Group"). In the opinion of the directors, the Group has no significant influence over CCH and its group companies.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

(a) The balances of deposits classified under non-current assets in 2004 include a deposit in respect of the 20% equity investment in Beijing Dongshi Shuangwei Education Technology Company Limited. The acquisition was completed in March 2005 and the amount is accounted for as available-for-sale investment in 2005.

(b) As at 31 December 2005, the aggregate amount of prepayments, deposits and other receivables includes the balance of a current accounts of HK$335,443 due from a related company of which certain directors of a subsidiary of the Company are directors.

19. INVENTORIES

	Group 2005 HK$'000	2004 HK$'000
Information technology products held for resale	3,444	20,353
Work in progress	–	7,844
	3,444	28,197

None of the above inventories was carried at net realisable value at the balance sheet date (2004: Nil).

20. ACCOUNTS AND BILLS RECEIVABLE

	2005 HK$'000	2004 HK$'000
Accounts receivable	70,720	102,799
Less: Provision for impairment	(46,002)	(50,532)
Accounts receivable, net	24,718	52,267

The aging analysis of the accounts and bills receivable at the balance sheet date, based on invoice date and net of provision, is as follows:

	Group 2005 HK$'000	2004 HK$'000
Current to 90 days	13,865	37,143
91 days to 180 days	6,994	2,990
181 days to 365 days	3,289	5,007
Over 365 days	570	7,127
	24,718	52,267

Included in the Group's accounts receivable balance are amounts due from a minority shareholder and a related company of HK$nil (2004: HK$2,515,000) and HK$155,769 (2004: nil), respectively. They are repayable on credit terms similar to those offered to other customers of the Group.

21. IMPAIRMENT OF GOODWILL

The carrying amounts of investment in and the goodwill arising from the acquisition of Sequent China/Hong Kong Limited have been written off due to its net liability situation and lack of business prospect.

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2005	**2004**	**2005**	**2004**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balance	52,173	45,895	30	29
Pledged time deposits	139	5,141	–	3,000
Other time deposits with original maturity of more than three months when acquired	–	33,962	–	–
	52,312	84,998	30	3,029
Less: Pledged time deposits	(139)	(5,141)	–	(3,000)
Cash and cash equivalents	52,173	79,857	30	29

At the balance sheet date, the balance of cash and cash equivalents denominated in Renminbi was about 90% of the total balance. Renminbi is not a freely convertible currency.

23. ACCOUNTS AND BILLS PAYABLE

	Group	
	2005	**2004**
	HK$'000	*HK$'000*
Accounts and bills payable	1,677	51,372
Due to certain minority shareholders	325	325
Due to related companies	–	607
	2,002	52,304

The amounts due to the minority shareholders and related companies are unsecured, interest-free and repayable on demand.

The aging analysis of the accounts and bills payable as at the balance sheet date, based on invoice date, is as follows:

	Group	
	2005	**2004**
	HK$'000	*HK$'000*
Current to 90 days	–	25,981
91 days to 180 days	160	187
181 days to 365 days	8	10,740
Over 365 days	1,834	15,396
	2,002	52,304

24. ACCRUED LIABILITIES AND OTHER PAYABLES

	Group		Company	
	2005	**2004**	**2005**	**2004**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Accrued expenses and other liabilities	35,525	55,245	4,037	2,508
Due to a minority shareholder of a subsidiary	–	24,708	–	–
	35,525	79,953	4,037	2,508

Notes:

Part of the amount due to a minority shareholder of a subsidiary of HK$13,574,000 as at 31 December 2004 represents the outstanding purchase consideration payable for the acquisition of a 55% shareholding in a subsidiary in 2000. This balance is unsecured, interest-free and is repayable on demand.

The remaining balance of HK$11,134,000 as at 31 December 2004 represents an amount advanced from the minority shareholder to provide for working capital of this subsidiary. The balance is unsecured, interest-free and repayable on demand.

25. BANK AND OTHER BORROWINGS

	Group		Company	
	2005	**2004**	**2005**	**2004**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank overdrafts repayable on demand, secured	626	–	598	856
Bank overdrafts repayable on demand, unsecured	–	906	–	–
Bank loans, repayable within one year, secured	–	41,981	–	–
Trust receipt loans repayable within one year, secured	–	1,170	–	–
Other loans repayable within one year, unsecured	–	1,560	–	–
	626	45,617	598	856

As at 31 December 2005, the Group's banking facilities were secured by:

(i) corporate guarantees executed by the Company to the extent of HK$20,000,000 (2004: HK$20,000,000);

(ii) the pledge of the Group's time deposits amounting to approximately HK$139,000 (2004: HK$5,141,000) (*Note 22*);

(iii) the pledge of the Group's accounts receivable of RMBNil (2004: RMB385,000 (equivalent to approximately HK$385,000)) (*Note 20*); and

(iv) the pledge of bank deposits of the CCT Group of US$Nil (2004: US$3,300,000 (equivalent to approximately HK$25,740,000)).

26. OBLIGATION UNDER FINANCE LEASE

The Company has leased a motor vehicle for business use. This lease is classified as a finance lease and has a remaining lease term of over two years.

At the balance sheet date, the total future minimum payments under the leases was as follows:

	Group		Company	
	2005	**2004**	**2005**	**2004**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts payable:				
not later than 1 year	232	311	232	311
In the 2nd to 5th years	58	290	58	290
Total minimum finance lease payments	290	601	290	601
Future finance charges	(36)	(72)	(36)	(72)
Total obligation under finance lease	254	529	254	529
Classified into amounts payable:				
not later than 1 year	203	275	203	275
In the 2nd to 5th years	51	254	51	254
	254	529	254	529

27. DEFERRED TAX

	2005	**2004**
	HK$'000	*HK$'000*
At beginning of the year	233	233
Transfer back to income statement *(Note 10)*	(74)	–
At end of the year	159	233

The principal components of the Group's deferred tax liabilities represented those arising from accelerated depreciation allowances.

28. SHARE CAPITAL

Shares

	2005	**2004**
	HK$'000	*HK$'000*
Authorised:		
1,000,000,000 ordinary shares of HK$0.10 each	100,000	100,000
Issued and fully paid:		
557,351,493 ordinary shares of HK$0.10 each (2004: 502,729,644)	55,735	50,273

During the year ended 31 December 2004, the subscription rights attaching to 1,520,000 share options were exercised at the subscription price of HK$0.233 per share (Note 29), resulting in the issue of 1,520,000 shares at HK$0.10 each for a total cash consideration.

On 4 October 2005, 54,621,849 ordinary shares were issued at an issue price of HK$0.119 per share to an independent third party for part of the consideration of HK$6,500,000.00 for acquisition of 100% equity interest in Acacia Asia Partners Limited.

A summary of the above movements of the Company's issued ordinary share capital is as follows:

	Number of shares in issue	**Issued capital**	**Share premium account**	**Total**
		HK$'000	*HK$'000*	*HK$'000*
At 1 January 2004	501,209,644	50,121	341,071	391,192
Exercise of share options	1,520,000	152	203	355
At 31 December 2004 and 1 January 2005	502,729,644	50,273	341,274	391,547
Issue of consideration shares	54,621,849	5,462	1,038	6,500
At 31 December 2005	557,351,493	55,735	342,312	398,047

29. SHARE OPTION SCHEME

Pursuant to the share option scheme adopted by the Company on 12 June 1999 (the "Previous Scheme"), the Company granted certain options to directors and employees of the Group, including the executive directors of the Company, to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated therein. In order to comply with the new requirements of Chapter 17 of the Listing Rules on granting options under share option schemes, which took effect from 1 September 2001, the Previous Scheme was terminated and a new share option scheme (the "New Scheme") was adopted pursuant to the ordinary resolutions passed by the shareholders at the annual general meeting of the Company held on 30 May 2002. Accordingly, no further options can be granted under the Previous Scheme as from 30 May 2002. However, for the options remaining outstanding under the Previous Scheme, the existing rights of the grantees are not affected.

Pursuant to the Previous Scheme, the subscription price is equal to the higher of the nominal value of the shares of the Company or 80% of the average of the closing prices per share of the Company quoted on the Stock Exchange for the five trading days immediately preceding the date of grant of the share options. The maximum number of shares in respect of which options were able to be granted under the Previous Scheme could not exceed 10% of the issued share capital of the Company from time to time.

Pursuant to the New Scheme, the Company may grant options to eligible participants to subscribe for shares in the Company subject to the terms and conditions stipulated therein. A summary of the New Scheme is as follows:

(a) Purpose – To enable the Company to grant options to Eligible Participants (as defined below) as incentives and rewards for their contribution to the Group.

(b) Eligible Participants – Being employees or executives or officers of the Company or any of its subsidiaries (including their respective executive and non-executive directors) and suppliers, consultants and advisers who will or have provided services to the Group.

(c)	Total number of shares available for issue under the New Scheme	–	The total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme may not exceed 30% of the shares of the Company in issue.
(d)	Maximum entitlement of each Eligible Participant	–	The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period up to and including the date of grant may not exceed 1% of the number of shares of the Company in issued at the date of grant.
(e)	Period under which the shares must be taken up under an option	–	The period during which the options may be exercised is determined by the board of directors of the Company at its absolute discretion, save that no option may be exercised after more than 10 years from the date of adoption of the New Scheme, subject to early termination of the New Scheme.
(f)	Minimum period for which an option must be held before it can be exercised	–	There is no minimum period for which an option must be held before it can be exercised.
(g)	Basis of determining the exercise price	–	The exercise price must be at least the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of the grant, which must be a business day; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.
(h)	Remaining life of the New Scheme	–	The New Scheme remains in force until 29 May 2012 unless otherwise terminated in accordance with the terms stipulated therein.
(i)	Period within which payments/ calls/loans must be made/ repaid	–	28 days from the date of the offer of the options.
(j)	Amount payable on acceptance of the option	–	HK$1.00

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The 1,520,000 share options exercised during the year ended 31 December 2005 resulted in the issue of 1,520,000 ordinary shares of the Company and new share capital of HK$152,000 and share premium of HK$203,000 (before issue expenses), as detailed in note 28 to the financial statements.

At the balance sheet date, the Company had 9,365,000 (2004: 49,855,000) share options outstanding under the share option scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 9,365,000 (2004: 49,855,000) additional ordinary shares of the Company and proceeds, before relevant share issue expenses, of HK$5,217,000 (2004: HK$14,750,000).

The following share options were outstanding under the share option scheme during the year.

Grantee	Number of share options At 1 January 2005	Exercised during the year	Cancelled during the year	At 31 December 2005	Date of grant*	Share price of the Company at grant date**	Exercise price***	Exercise period of share options
Directors								
Mr. Wu Emmy	5,000,000	–	5,000,000	–	27 November 2003	HK$0.23	HK$0.233	27 November 2003 to 29 May 2012
Mr. Tang Kin Hung	5,000,000	–	5,000,000	–	27 November 2003	HK$0.23	HK$0.233	27 November 2003 to 29 May 2012
Former director								
Mr. Chow Siu Lam, Cliff	5,000,000	–	5,000,000	–	27 November 2003	HK$0.23	HK$0.233	27 November 2003 to 29 May 2012
Other employees								
In aggregate	15,635,000	–	7,590,000	8,045,000	27 November 2003	HK$0.23	HK$0.233	27 November 2003 to 29 May 2012
Business Associates								
In aggregate	1,320,000	–	–	1,320,000	21 January 2000	HK$3.175	HK$2.532	21 January 2001 to 20 January 2010
	500,000	–	500,000	–	27 June 2002	HK$0.415	HK$0.431	27 June 2003 to 29 May 2012
	17,400,000	–	17,400,000	–	27 November 2003	HK$0.23	HK$0.233	27 November 2003 to 29 May 2012
	19,220,000	–	17,900,000	1,320,000				
Total	49,855,000	–	40,490,000	9,365,000				

* *The vesting period of the share options is from the date of the grant until the commencement of the exercise period.*

** *The price of the Company's shares disclosed as at the date of the grant of the share options is the closing price of the Company's shares on the Stock Exchange on the trading day immediately prior to the date of the grant of the options.*

*** *The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.*

30. RESERVES

(a) Group

The amounts of the Group's consolidated reserves and the movements therein are presented in the Group statement of changes in equity.

The contributed surplus of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to the Group reorganisation in 1999 over the nominal value of the share capital of the Company issued in exchange.

All components of equity other than retained earnings (accumulated losses) are not available for distribution to shareholders.

(b) Company

	Share premium account HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2004	341,071	39,431	(309,708)	70,794
Exercise of share options *(Note 29)*	203	–	–	203
Net loss for the year	–	–	(17,033)	(17,033)
At 31 December 2004 and 1 January 2005	341,274	39,431	(326,741)	53,964
Issue of consideration shares *(Note 28)*	1,038	–	–	1,038
Net loss for the year	–	–	(13,980)	(13,980)
At 31 December 2005	342,312	39,431	(340,721)	41,022

The net loss from ordinary activities attributable to shareholders of the company dealt with in the financial statements of the year was HK$13,980,000 (2004: HK$17,033,000).

The contributed surplus of the Company represents the excess of the combined net asset value of the subsidiaries acquired pursuant to the same reorganisation as mentioned in note 30(a) above, over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda, the Company's contributed surplus is currently unable to be distributed.

31. NOTES TO THE GROUP CASH FLOW STATEMENT

Changes in working capital	**2005** *HK$'000*	**2004** *HK$'000*
Decrease (Increase) in inventories	13,036	(7,473)
Decrease in accounts and bills receivable	3,368	8,508
Decrease (Increase) in prepayments, deposits and other receivables	(7,831)	11,799
Decrease in accounts and bills payables	(11,781)	(6,111)
Decrease in accrued liabilities and other payables	(25,053)	(16,324)
	(28,261)	(9,601)

32. BUSINESS COMBINATION

In September 2005, the Group acquired 100% of the share capital of Acacia BVI which in turn holds 100% of Acacia SH. The relevant information about the acquisition are as follows:

	2005	**2004**
	HK$'000	*HK$'000*
(a) Contribution to the Group for the 3 months ended 31 December 2005:		
Revenue	523	–
Net profit before tax	141	–

If the acquisition had occurred on 1 January, 2005, financial information of continuing operations of the Group would have been:

	2005	**2004**
	HK$'000	*HK$'000*
Group revenue	130,277	–
Group loss before tax	(12,056)	–

	2005	**2004**
	HK$'000	*HK$'000*
(b) Detail of net assets acquired and goodwill:		
Total purchase consideration discharged by:		
– Cash	6,500	–
– Fair value of the 54,621,849 shares of the Company issued based on published price	6,500	–
Total consideration of the acquisition	13,000	–
Transaction costs		
– legal expenses	187	–
	13,187	–
Less: Fair value of net assets acquired shown below	(187)	–
Loan acquired	(228)	–
Goodwill	12,772	–

The factors that contribute to the recognition of the goodwill include profit guarantees made by the vender of Acacia BVI, minimal competition in the emerging markets of property agency's data base management/database portal and potential of growth in the property market in Mainland China.

(c) The net assets on the date of acquisitions in September 2005 were as follows:

	Fair value	Acquiree's carrying amount
	HK$'000	*HK$'000*
Assets		
Equipment	65	65
Accounts receivable	510	510
Other current assets	49	49
Cash and cash equivalents	550	550
	1,174	1,174
Liabilities		
Amount due to related companies	355	355
Other payables	632	632
	987	987
Net assets acquired	187	187

(d)

Purchase consideration	13,000	–
Less: Amount satisfied by the Company's share	(6,500)	–
Loan due to the seller assigned	(228)	–
Purchase consideration, net	6,272	–
Add: Transaction costs	187	–
Less: Cash and cash equivalents in the subsidiary acquired	(550)	–
Net cash outflow on acquisition	5,909	–

33. DISCONTINUED OPERATION

In November 2005, the Group sold its holding of the 55% of the share capital of 北京先進數通信息技術有限公司 (Beijing Advanced Digital Information Technology Company Limited). The relevant information about the sale are:

	2005	2004
	HK$'000	*HK$'000*
(a) Cash flow information:		
Disposal consideration:		
– Cash received	24,977	–
– Direct costs relating to the disposal	(602)	–
	24,375	–
– Amount of cash and cash equivalents in the subsidiary disposed of:	(21,052)	–
– Net cash received	3,323	–
– Amount of non-cash net assets (liabilities) disposed of:		
– Non-current assets	2,160	–
– Current assets	77,459	–
– Current liabilities	(78,114)	–
	1,505	–
(b) Loss for the year from discontinued operation:		
Post-tax loss from operation *(Note 33(b)(1))*	5,637	–
Loss on disposal of the discontinued operation *(Note 33(b)(2))*	22,213	–
	27,850	–

(b(1)) Analysis of result of the discontinued operation during the year

	2005	2004
	HK$'000	*HK$'000*
Revenue		
– Sales of goods	70,468	–
– Rendering of computer technology services	25,756	–
	96,224	–
Less: Cost of sales	(87,999)	–
Gross profit	8,225	–
Other income	47	–
Selling and distribution expenses	(3,378)	–
Administrative expenses	(8,707)	–
Other operating expenses	(811)	–
Loss from operating activities	(4,624)	–
Finance costs	(273)	–
Loss before tax	(4,897)	–
Income tax expense	(740)	–
	(5,637)	–

(b(2)) Loss on disposal of the discontinued operation

	2005	2004
	HK$'000	*HK$'000*
Sale proceeds	24,977	–
Waiver by the buyer of an amount due by the Group	18,615	–
	43,592	–
Less: Net asset value	(22,557)	–
Goodwill at the date of purchase of the discontinued operation *(Note 15)*	(42,646)	–
Transaction costs	(602)	–
	(22,213)	–

(c) Net cashflow of the discontinued operation

Net cashflow attributable to:

	2005	2004
	HK$'000	*HK$'000*
– operating activities	(14,150)	–
– investing activities	(749)	–
– financing activities	360	–
	(14,539)	–

34. COMMITMENTS

The Group leases certain of its office premises under operating lease arrangements. Leases for office premises are negotiated for terms ranging from half to two and half years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodical rent adjustments according to the then prevailing market conditions.

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases in respect of land and buildings falling due as follows:

	Group	
	2005	2004
	HK$'000	*HK$'000*
Within one year	1,046	1,958
In the second to fifth years, inclusive	837	476
	1,883	2,434

Save as aforesaid, the Company and the Group did not have any other significant commitments.

35. CONTINGENT LIABILITIES

At the balance sheet date, contingent liabilities not provided for in the financial statements were as follows:

Company and Group

	2005	2004
	HK$'000	*HK$'000*
Guarantees given by the Company to banks in connection with banking facilities granted to certain subsidiaries	20,000	20,000

As at 31 December 2004, the banking facilities granted to the subsidiaries were utilised to the extent of approximately HK$1,170,000.

36. RELATED PARTY TRANSACTIONS

Ownership of the company's shares are widely held. The directors consider Venture International Investment Holdings Limited (formerly known as "Technology Venture Holdings Limited") (incorporated in Bermuda) to be the ultimate parent of the Group.

The following transactions were carried out with related parties:

	2005 *HK$'000*	2004 *HK$'000*
(i) Sales of services and provision of credit to related companies		
(a) Management services provided to a significant investee group *(Note 36(2))*	–	124
(b) Lending to a significant investee company – interest received	–	227
(c) Management services to a company controlled by a director	–	162
(d) Management services to an unlisted company classified as an available-for-sale investee Company *(Note (17))*	309	–
(e) Provision of management services of two directors to an investee company – reimbursement of their remuneration	567	756

The service and interest charges are based on market rates.

	2005 *HK$'000*	2004 *HK$'000*
(ii) Purchases from related companies		
Maintenance and consultancy services provided by a company controlled by a director	221	364

The charges are based on market rate of the service.

	2005 *HK$'000*	2004 *HK$'000*
(iii) Key management compensation		
(a) Short term employee benefit – salaries and contribution to defined contribution plan	6,636	6,788
(iv) Amounts of outstanding balances due by (due to) the following related parties:		
(a) Arising from sales of good/services	156	–
– an unlisted company classified as an available-for-sale investee company *(Note 36(3))*	–	–
(b) In the form of current accounts		
– a significant investee group *(Note 36(3))*	(402)	23,045
– an investee company classified as an available-for-sale investee company *(Note 36(3))*	265	–
– a company of which a certain director of the Company is a director *(Note (3))*	70	–

	2005	2004
	HK$'000	*HK$'000*
(v) Loans to related parties		
Balance at beginning of the year	–	6,000
Loans advanced during the year	–	2,600
Loans repayments	–	8,600
Interest received	–	227
Balance at end of the year	–	–

Notes:

(1) The directors of the Company consider that the related party transactions by group companies were made on normal commercial terms and in the ordinary course of business.

(2) The significant investee group is the CCT Group of which China Cast Communication Holdings Limited ("CCH") is the holding company, which shares are listed on the stock exchange of Singapore. TVH Group holds approximately 14.96% of the share capital of CCH.

(3) The balances are unsecured and without a fixed term of repayment.

37. EVENTS AFTER THE BALANCE SHEET DATE

Technology Venture Investments Limited, a wholly owned subsidiary of the Company, entered into an agreement on 10 February 2006 to acquire 100% of the issued capital of Grand Panorama Limited at a total consideration of HK$30,000,000.

(C) UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2006

The following is the reproduction of the text of the unaudited consolidated financial statements of the Group together with the accompanying notes contained in the Company's 2006 interim report:

Condensed Consolidated Income Statement

		Six months ended 30 June	
		2006	**2005**
		(unaudited)	(unaudited)
	Notes	*HK$'000*	*HK$'000*
TURNOVER	2	23,916	127,160
Cost of sales		(21,449)	(118,714)
Gross profit		2,467	8,446
Other income		283	913
Selling and distribution expenses		(1,623)	(4,022)
Administrative expenses		(11,750)	(17,913)
Other operating income		–	2,316
Other operating expenses		(6,333)	(439)
Impairment of goodwill		–	(20,602)
LOSS FROM OPERATIONS	4	(16,956)	(31,301)
Finance costs		(15)	(526)
LOSS BEFORE TAX		(16,971)	(31,827)
Tax	5	(70)	(773)
LOSS FOR THE PERIOD		(17,041)	(32,600)
ATTRIBUTABLE TO:			
Equity holders of the parent		(17,041)	(29,968)
Minority Interests		–	(2,632)
		(17,041)	(32,600)
DIVIDEND PER SHARE	6	NIL	NIL
LOSS PER SHARE	7		
Basic (HK cents)		(3.06)	(5.96)
Diluted (HK cents)		N/A	N/A

Condensed Consolidated Statement of Changes in Equity

	Attributable to equity holders of the parent									
	Issued capital HK$'000 (note 13)	Share premium account HK$'000	Contributed surplus HK$'000	Goodwill reserve HK$'000	Exchange fluctuation reserve HK$'000	Revaluation reserve HK$'000	Accumu-lated losses HK$'000	Sub-total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 January 2005	50,273	341,274	(19)	(43,248)	79	–	(217,669)	130,690	4,454	135,144
Available-for-sale investments	–	–	–	–	–	316	–	316	–	316
Impairment of goodwill	–	–	–	20,602	–	–	–	20,602	–	20,602
Net loss for the period	–	–	–	–	–	–	(29,968)	(29,968)	(2,632)	(32,600)
At 30 June 2005	50,273	341,274	(19)	(22,646)	79	316	(247,637)	121,640	1,822	123,462
Issue of consideration shares	5,462	1,038	–	–	–	–	–	6,500	–	6,500
Write off on disposal of a subsidiary	–	–	–	22,044	–	–	–	22,044	–	22,044
Impairment of goodwill	–	–	–	602	–	–	–	602	–	602
Currency translation differences	–	–	–	–	315	–	–	315	–	315
Fair value gain on available-for-sale investment	–	–	–	–	–	9,912	–	9,912	–	9,912
Elimination on buyout of minority interest	–	–	–	–	–	–	–	–	(1,822)	(1,822)
Net loss for the year	–	–	–	–	–	–	(5,704)	(5,704)	–	(5,704)
At 31 December 2005 and 1 January 2006	55,735	342,312	(19)	–	394	10,228	(253,341)	155,309	–	155,309
Fair value gain on available-for-sale investment	–	–	–	–	–	22,716	–	22,716	–	22,716
Net loss for the period	–	–	–	–	–	–	(17,041)	(17,041)	–	(17,041)
At 30 June 2006	55,735	342,312	(19)	–	394	32,944	(270,382)	160,984	–	160,984

Condensed Consolidated Balance Sheet

	Notes	At 30 June 2006 (unaudited) HK$'000	At 31 December 2005 (audited) HK$'000
NON-CURRENT ASSETS			
Fixed assets		1,319	1,916
Intangible assets		12,772	12,772
Available-for-sale investments	8	108,416	91,700
		122,507	106,388
CURRENT ASSETS			
Inventories		3,830	3,444
Accounts and bills receivable	9	16,745	24,718
Prepayments, deposits and other receivables		39,684	16,006
Pledged time deposits		–	139
Non-pledged time deposit		14,904	–
Cash and cash equivalents		8,669	52,173
		83,832	96,480
TOTAL ASSETS		206,339	202,868

	Notes	At 30 June 2006 (unaudited) HK$'000	At 31 December 2005 (audited) HK$'000
CURRENT LIABILITIES			
Accounts and bills payable	10	1,852	2,002
Tax payable		8,762	8,993
Accrued liabilities and other payables		34,389	35,525
Bank and other borrowings		200	626
Current portion of obligation under finance lease	12	152	203
		45,355	47,349
NET CURRENT ASSETS		38,477	49,131
TOTAL ASSETS LESS CURRENT LIABILITIES		160,984	155,519
NON-CURRENT LIABILITIES			
Obligation under finance lease	12	–	51
Deferred tax		–	159
		–	210
NET ASSETS		160,984	155,309
CAPITAL AND RESERVES			
Issued capital	13	55,735	55,735
Reserves		105,249	99,574
TOTAL EQUITY		160,984	155,309

Condensed Consolidated Cash Flow Statement

	Six months ended 30 June	
	2006	**2005**
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(163,877)	(24,018)
NET CASH INFLOW FROM INVESTING ACTIVITIES	120,916	22,159
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(117)	(31,443)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(43,078)	(33,302)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	51,547	44,989
Effect of foreign exchange rate changes, net	–	–
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8,469	11,687
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	8,669	12,500
Bank overdrafts, secured	–	(813)
Bank overdrafts, unsecured	(200)	–
	8,469	11,687

Notes to Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the preparation of the Interim Accounts are consistent with those used in the annual accounts for the year ended 31 December 2005.

2. SEGMENT INFORMATION

(a) Business segments

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

	Banking and finance systems integration services 2006	Software solution for banks and public sector 2006	IT management and support 2006	Eliminations 2006	Consolidated 2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:					
Sales to external customers	22,680	260	976	–	23,916
Intersegment sales	–	–	–	–	–
Interest income	135	–	1	–	136
Other income	147	–	–	–	147
Total	22,962	260	977	–	24,199
Segment results	(11,370)	12	129	–	(11,229)
Unallocated expenses					(5,727)
Loss from operations					(16,956)

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

(b) Geographical segments

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

	Hong Kong 2006 HK$'000	Elsewhere in the PRC 2006 HK$'000	Eliminations 2006 HK$'000	Consolidated 2006 HK$'000
Segment revenue:				
Sales to external customers	261	23,655	–	23,916
Intersegment sales	–	–	–	–
Total	261	23,655	–	23,916
Segment results*	(5,721)	(11,235)	–	(16,956)

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

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

3. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

	Six months ended 30 June 2006 HK$'000	2005 HK$'000
(i) Sales of good/services to related companies		
(a) Provision of management services of a director to an investee company – reimbursement of remuneration	264	304
(b) Sales of information technology products to an available-for-sale investee company	–	7,728

The service charges are based on market rates.

	2006 HK$'000	2005 HK$'000
(ii) Purchases from related companies		
Maintenance and consultancy services provided by a company controlled by a director	288	112

The charges are based on market rate.

	2006 HK$'000	2005 HK$'000
(iii) Key management compensation		
Short term employee benefit – salaries and contribution to defined contribution plan	4,478	4,516
(iv) Amounts of outstanding balances due by (due to) the following related parties		
In the form of current accounts		
– a significant investee group *(Note 2 and 3)*	(600)	(342)
– an investee company classified as an available-for-sale investee company *(Note 3)*	265	472
– a company of which a certain director of the Company is a director *(Note 3)*	(19)	11

Notes:

(1) The directors of the Company consider that the related party transactions by group companies were made on normal commercial terms and in the ordinary course of business.

(2) The significant investee group is the CCT Group of which ChinaCast Communication Holdings Limited ("CCH") is the holding company, which shares are listed on the stock exchange of Singapore. TVH Group holds approximately 14.96% of the share capital of CCH.

(3) The balances are unsecured and without a fixed term of repayment.

4. LOSS FROM OPERATIONS

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

	Six months ended 30 June	
	2006	**2005**
	HK$'000	*HK$'000*
Cost of goods sold	21,449	118,714
Depreciation	711	1,185
Amortization of deferred development costs	–	439
Impairment of goodwill	–	20,602
Impairment of available-for-sale investment	6,000	–
(Write-back)/provision for bad debt	333	(2,316)

5. TAX

	Six months ended 30 June	
	2006	**2005**
	HK$'000	*HK$'000*
Income tax for the period Mainland China	(229)	(158)
Underprovision in prior periods Mainland China	–	(615)
	(229)	(773)
Deferred taxation	159	–
Tax charge for the period	(70)	(773)

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (2005: NIL). Taxes on profits elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

6. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2006 (2005: NIL).

7. LOSS PER SHARE

The calculation of the basic loss per share is based on the unaudited net loss attributable to equity holders of the parent for the period of HK$17,041,000 (2005: Loss HK$29,968,000) and on the weighted average of 557,351,493 (2005: 502,729,644) ordinary shares in issue during the period.

Diluted loss per share amount for periods ended 30 June 2006 and 2005 have not been disclosed as the share options outstanding during these periods had an anti-dilutive effect on the basic loss per share.

8. AVAILABLE-FOR-SALE INVESTMENTS

	At 30 June 2006 (unaudited) *HK$'000*	At 31 December 2005 (audited) *HK$'000*
Equity investment, at fair value:		
– listed overseas	99,625	76,909
Unlisted equity investment, at cost	8,791	14,791
	108,416	91,700

The equity investment listed overseas represented the Group's investment in a 14.96% interest in ChinaCast Communication Holdings Limited ("CCH"), a Company listed on the Singapore Exchange Securities Trading Limited.

On 28 July 2006, the Group announced that the Undertaking signed on 13 September 2005 for not disposing shareholding in CCH was renewed for a period up to 31 December 2006 and that a sales and purchase agreement was entered into between the Group and Mr. Chan Tze Ngon, Chairman of the Group for disposal of half of the investment of the Group in ChinaCast Communication Holdings Limited for a consideration of S$9,250,000.

The unlisted equity investment represented a 20% equity interest in Beijing Dongshi Shuangwei Education Technology Company Limited, a company registered in Mainland China, and principally engaged in the provision of portal service.

9. ACCOUNTS RECEIVABLE

The aged analysis of accounts receivable was as follows:

	At 30 June 2006 (unaudited) *HK$'000*	At 31 December 2005 (audited) *HK$'000*
Current to 90 days	8,577	13,865
91 days to 180 days	2,662	6,994
181 days to 365 days	2,931	3,289
Over 365 days	2,575	570
	16,745	24,718

The various group companies have different credit policies, dependent on the requirements of their markets and the business which they operate. In general, the credit period does not exceed 60 days.

10. ACCOUNTS PAYABLE

The aged analysis of accounts payable was as follows:

	At 30 June 2006 (unaudited) *HK$'000*	At 31 December 2005 (audited) *HK$'000*
Current to 90 days	–	–
91 days to 180 days	11	160
181 days to 365 days	–	8
Over 365 days	1,841	1,834
	1,852	2,002

11. BANKING FACILITIES

(a) As at 30 June 2006, the Group's banking facilities were secured by corporate guarantees executed by the Company to the extent of HK$20,000,000 (As at 31 December 2005: HK$20,000,000).

(b) As at 30 June 2006, the banking facilities granted to the subsidiaries were not utilised (As at 31 December 2005: HK$NIL).

12. FINANCE LEASE PAYABLES

	At 30 June 2006 (unaudited) *HK$'000*	At 31 December 2005 (audited) *HK$'000*
Amounts payable:		
Not later than 1 year	174	232
In the 2nd to 5th years	–	58
Total minimum finance lease payments	174	290
Future finance charges	(22)	(36)
Total obligation under finance lease	152	254
Classified into amounts payable:		
Not later than 1 year	152	203
In the 2nd to 5th years	–	51
	152	254

13. SHARE CAPITAL

Shares

	At 30 June 2006 (unaudited) *HK$'000*	At 31 December 2005 (audited) *HK$'000*
Authorised:		
1,000,000,000 ordinary shares of HK$0.10 each	100,000	100,000
Issued and fully paid:		
557,351,493 ordinary shares of HK$0.10 each	55,735	55,735

Share options

Under the terms of the share option scheme adopted by the Company on 12 June 1999 ("Existing Share Option Scheme"), the board of directors is authorised, on or before 11 June 2009, at its absolute discretion, to invite any employee, including any executive director of the Company or any of its subsidiaries, to take up options to subscribe for shares in the Company. The subscription price will be the higher of 80% of the average of the closing price of the Company's shares on The Stock Exchange of Hong Kong Limited for the five trading days immediately preceding the date of the offer of grant of the option and the nominal value of the shares. The maximum number of shares in respect of which options may be granted under the share option scheme may not exceed, in nominal amount, 10% of the issued share capital of the Company from time to time which have been duly allotted and issued. The share option scheme became effective upon the listing of the Company's shares on The Stock Exchange of Hong Kong Limited on 6 July 1999.

On 30 May 2002, the Existing Share Option Scheme is terminated by an ordinary resolution passed. Any options granted prior to the passing of the resolution shall not be affected or prejudiced and all such options shall continue to be valid and exercisable in accordance with the terms of the Existing Share Option Scheme.

New share option scheme ("New Share Option Scheme") is adopted by the Company on 30 May 2002. Under the terms of the New Share Option Scheme, the board of directors is authorized, on or before 29 May 2012, at its absolute discretion, to invite any employees of the Group including executive directors, non-executive directors of the Company or any of its subsidiary, any suppliers, agent and any other persons providing research, development or other advisory, consultancy, professional or other services to the Group, whether on a contractual or honorary basis and whether paid or unpaid, who have contributed or will contribute to the Group to take up options to subscribe for shares in the Company. The subscription price will not be less than the higher of the closing price of the Company's shares on The Stock Exchange of Hong Kong Limited on the date of grant and the average closing price for the five business days immediately preceding the date of grant but in any event not less than the nominal value of the shares. The maximum number of shares in respect of which options may be granted may not exceed 10% of the issued share capital of the Company at the adoption date.

On 23 May 2003, the limit on grant of options under the Share Option Schemes are refreshed.

On 30 May 2005, the limit on grant of options under the Share Option Schemes are renewed.

The movements in the number of share options to subscribe for shares in the Company during the period were as follows:

Date of grant of share options	Number of share options outstanding at 1 January 2006	Number of share options exercised during the period	Number of share options lapsed during the period	Number of share options outstanding at 30 June 2006	Exercise price	Exercise period
Business Associates in aggregate						
21 January 2000	1,320,000	–	–	1,320,000	HK$2.532	21 January 2001 to 20 January 2010
Employees in aggregate						
27 November 2003	8,045,000	–	75,000	7,970,000	HK$0.233	27 November 2003 to 29 May 2012
	9,365,000	–	75,000	9,290,000		

As at 30 June 2006, the Company had 9,290,000 share options outstanding. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 9,290,000 new ordinary shares of HK$0.10 each in the Company.

14. CAPITAL COMMITMENTS

On 10 February 2006, the Group had entered into an agreement for acquisition of Grand Panorama Limited, a company incorporated in the British Virgin Islands with limited liability which together with its subsidiary engaged principally in investment holdings and provision of property consulting agency services in the PRC. The amount contracted for but not provided in the financial statements amounted to HK$30,000,000.

The Group had no capital commitments as at 31 December 2005.

15. CONTINGENT LIABILITIES

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

16. POST BALANCE SHEET EVENT

On 17 July 2006, a sales and purchase agreement was entered into between the Group and Mr. Chan Tze Ngon, Chairman of the Group for disposal of half of the investment of the Group in ChinaCast Communication Holdings Limited for a consideration of S$9,250,000.

(D) INDEBTEDNESS STATEMENT

Save as aforesaid and apart from intra-group liabilities, as at 31 January 2007, being the latest practicable date for the purpose of this indebtedness statement prior to printing of this circular, the Group had no debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, distinguishing between guaranteed, unguaranteed, secured and unsecured, and guaranteed, unguaranteed, secured and unsecured bank borrowings and debt including, bank loans and overdrafts or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credit, hire purchase or finance lease commitments.

The Group did not have any mortgages, charges, contingent liabilities and guarantees outstanding as at 31 January 2007, being the latest practicable date for the purpose of this circular prior to printing of this circular.

(E) WORKING CAPITAL STATEMENT

The Directors are of the opinion that, in the absence of unforeseen circumstances and after taking into account the internal financial resources of the Group, the Group will have sufficient working capital to satisfy its present requirements.

(F) FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is now evolving into an investment company to focus on the property agency market in China, and also to grow its existing self servicing banking products and solutions business. Following a series of business realignment, the imminent task is to ensure an efficient integration of Acacia BVI into the core revenue generating steams of the Group and to bring more favorable yields to Shareholders.

TopAsia Computer Limited ("TopAsia") will continue to build on its solid fundamentals to secure more customers and orders and to control costs to improve profitability. Proven cooperation with essential suppliers NCR and Diebold will continue to thrive to provide automatic banking equipment to banking and finance institutions and postal bureaus. The most immediate focus now is to ensure a successful bid in China Merchants Bank annual tender for Automatic Teller Machines and Automatic Deposit Machines.

TopAsia sees tremendous development potential in the data management and warehousing area and will continue to build up more successful customer portfolios to capitalize on the growing need for efficient information management.

The completion of the acquisition of Grand Panorama in August 2006 gave the Group a headstart in the PRC market for professional real estate services. The real estate services market in the PRC is still at a developing stage.

Through the acquisition of Grand Panorama, the Group is able to secure a team of professional and experienced key staff with first-hand knowledge in the real estate brokerage business of the PRC. With the retaining of key management, the Group is confident of a smooth transition in the operation of Grand Panorama and looks forward to achieving synergies from the the unit's future collaborations with the Group's other business divisions and will be a key player of the Group together with TopAsia.

Upon the Completion, the Group is able to diversify into a high growing industry in the PRC and the Acquisition will bring positive impact on the earnings of the Group in the future.

(G) LIQUIDITY, CAPITAL STRUCTURE AND FOREIGN EXCHANGE EXPOSURE OF THE GROUP

At 30 June 2006, the Group recorded unaudited total assets of approximately HK$206,339,000 which were financed by liabilities of approximately HK$45,355,000 and unaudited total net asset to equity holders of the parent amounted to approximately HK$160,984,000. The Group's unaudited total net asset to equity holders of the parent as at 30 June 2006 increased by 3.7% to approximately HK$160,984,000 as compared to approximately HK$155,309,000 as at 31 December 2005.

The Group had unaudited total cash and bank balances of approximately HK$23,573,000 as at 30 June 2006 (At 31 December 2005: approximately HK$52,312,000). After deducting unaudited bank loans and overdrafts of approximately HK$200,000 (2005: approximately HK$626,000), the Group recorded unaudited net cash balance of approximately HK$23,373,000 as compared to that of approximately HK$51,686,000 as at 31 December 2005. As at 30 June 2006, the current ratio was 1.85 (At 31 December 2005: 2.04) and the gearing ratio was Nil (At 31 December 2005: 0.01) which was defined as the Group's interest-bearing and unsecured bank loans and finance lease payables over its equity attributable to equity holders of the parent.

As at 30 June 2006, the Group's banking facilities were secured by corporate guarantees executed by the Company to the extent of HK$20,000,000. As at 30 June 2006, the banking facilities granted to the subsidiaries were not utilised.

The Group generally finances its operations with internally generated resources and credit facilities provided by banks in Hong Kong. Subsidiaries in PRC use internally generated resources to finance working capital. Borrowing methods used by the Group mainly include trust receipt loans, overdrafts and term loans. The interest rates of most of these are fixed by reference to the Hong Kong Dollar Prime Rate. Both bank deposits and borrowings are mainly in Hong Kong dollars and Renminbi.

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

(H) CHARGES ON ASSETS

At 30 June 2006, no fixed deposits (At 31 December 2005: HK$139,000) were pledged to banks to secure banking facilities granted as stated in the unaudited consolidated balance sheet of the Group as at 30 June 2006.

(I) EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2006, the Group employed approximately 140 full time staff in the Mainland China and Hong Kong. The Group remunerates its employees based on their performance, working experience and the prevailing market price. Performance related bonuses are granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share option scheme.

(J) DETAILS OF MATERIAL ACQUISITION AND DISPOSALS

On 10 February 2006, the Purchaser entered a sale and purchase agreement with the vendors, comprising August Chance Investments Limited, Recognition International Limited, John S & Sherry H Chan 1994 Family Trust, Toh Teng Peow David, Tam Yuk Ching, Jenny, Double Assets Investments Limited, Profitone Agents Limited, Universal Chinese Limited, Ever Perform Technology Limited and Fabulous On Services Limited and Mr. Samuel Lin Jr., as guarantor in relation to the acquisition of the entire issued share capital of Grand Panorama at a total consideration of HK$30 million, which will be satisfied partly by the Purchaser procuring to the Company to allot and issue consideration Shares and/or partly in cash. Grand Panorama which together with its subsidiary engage principally in investment holdings and the provision of property consulting agency services in the PRC, involving real estate brokeraging of properties of secondary sales, rental and lease of real estate properties and the provision of property-related services to its customers, including but not limited to the application to banks and mortgage of property and after-sales services such as registration of relevant documents with PRC government authorities.

On 17 July 2006, the Purchaser disposed 33,037,220 shares in ChinaCast Communication Holdings Limited at a total consideration of S$9.3 million (equivalent to approximately HK$47.1 million) to Mr. Chan Tze Ngon, an executive Director.

Save as disclosed in this circular, no member of the Group has, since 31 December 2005, acquires or agreed to acquire or is proposing to acquire a business or an interest in the share capital of a company whose profits or assets make or will make a material contribution to the figures in the auditor's report or next published accounts of the Company.

(K) MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF HUGE VALUE

Huge Value is principally engaged in investment holdings and save for the entering into of the Management Contracts, Huge Value has not conducted any business since its incorporation on 5 July 2006. As at 31 December 2006, Huge Value recorded audited net liabilities of HK$14,992 and audited net loss of HK$15,000 for the period from 5 July 2006 to 31 December 2006. As at 31 December 2006, Huge Value did not raise any bank or other interest bearing loans and pledged its assets. After the Completion, Huge Value will earn revenue in Renminbi. Since there is a trend in appreciation in Renminbi, foreign exchange risk is remote. As at 31 December 2006, Huge Value has no employees and contingent liabilities.

Lawrence CPA Limited

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7 March 2007

The Directors
Venture International Investment Holdings Limited
Unit 1, 31st Floor,
118 Connaught Road West,
Hong Kong

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information of Huge Value Development Ltd. ("Huge Value") for the period from 5 July 2006 to 31 December 2006 ("the Relevant Period"), which comprise the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the 6 months then ended, and a summary of significant accounting policies and other explanatory notes.

This report is for inclusion in the circular to shareholders of Venture International Investment Holdings Limited (the "Circular") in connection with the acquisition of the entire issued share capital of Huge Value ("Acquisition") as more fully discussed in the Letter from the Board included in the same Circular.

Huge Value was incorporated in British Virgin Islands on 5 July 2006. On 25 November 2006, Huge Value entered into a contract, as amended by a supplemental management contract of 29 January 2007, with Inner Mongolia Tian Lan Technology Sand Control Estate Limited ("內蒙古天蘭科技治沙產業有限公司" "Tian Lan"), a company incorporated in mainland China, to provide management and consultancy services for the cultivation of licorice roots on a piece of agricultural land in Inner Mongolia in return for a fee of 70% of the annual turnover of Tian Lan, generated from the sales of licorice roots after deducting 15% thereof (which represents the estimated total of direct production costs and direct taxation), for 47 years from 25 November 2006 to 27 August 2053.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors are responsible for the preparation and the true and fair presentation of these financial information in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

RESPONSIBILITY OF THE REPORTING ACCOUNTANTS

Our responsibility is to express an opinion on these financial information based on our audit. We do not assume responsibility towards or accept liability to any other person for the content of the report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial information are free from material misstatement.

Our work involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

BASIS OF PRESENTATION AND OPINION

For the purpose of this report, we have examined the financial statements of Huge Value for the Relevant Period and have carried out such additional procedures as are necessary in accordance with the Auditing Guideline "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, the financial information, for the purpose of this report and on the above basis, has shown a true and fair view of the state of affairs of the Huge Value as at 31 December 2006 and its results and cash flows for the Relevant Period.

INCOME STATEMENT FOR THE PERIOD FROM 5 JULY 2006 TO 31 DECEMBER 2006

		2006
	Note	*HK$*
Administrative expenses		(15,000)
Operating loss	*5*	(15,000)
Income tax expense		–
Loss for the period		(15,000)

BALANCE SHEET AS AT 31 DECEMBER 2006

	Note	**2006** *HK$*
Current liabilities		
Accrued expenses		(6,000)
Amount due to a shareholder	7	(8,992)
Total assets less current liabilities		(14,992)
Capital and reserves		
Share capital	8	8
Accumulated loss		(15,000)
Net liabilities		(14,992)

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 5 JULY 2006 TO 31 DECEMBER 2006

	Share capital	Accumulated losses	Total
	HK$	*HK$*	*HK$*
Issue of capital	8	–	8
Loss for the period	–	(15,000)	(15,000)
As at 31 December 2006	8	(15,000)	(14,992)

CASH FLOW STATEMENT FOR THE PERIOD FROM 5 JULY 2006 TO 31 DECEMBER 2006

	2006
	HK$
Operating activities	
Loss before tax	(15,000)
Operating loss before changes in working capital	(15,000)
Increase in accrued expenses	6,000
Increase in amount due to a shareholder	8,992
Net cash outflow from operating activities	(8)
Financing activities	
Proceeds from issue of capital	8
Net cash inflow from financing activities	8
Net increase in cash	–
Cash and cash equivalents at beginning of the period	–
Cash and cash equivalents at end of the period	–
Analysis of balance of cash at end of the period	
Cash and bank balances	–

NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Huge Value is a limited liability company incorporated in the British Virgin Islands on 5 July 2006. The address of its registered office is Akara Building, 24 De Castro Street, Wickhams Cay 1, P.O. Box 3136, Road Town, Tortola, British Virgin Islands. Huge Value has not carried out any business during the Relevant Period.

These financial statements are presented in units of Hong Kong dollars (HK$).

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The Company adopts the standards and interpretations of HKFRS in the compilation of its financial statements in 2006. New HKFRSs issued but not yet effective are not adopted. These HKFRSs, if adopted, will not result in substantial changes to the Company's accounting policies.

2.2 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Hong Kong dollar, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

2.3 Income tax

Huge Value has not commenced business and is not subject to any income tax.

3. FINANCIAL RISK MANAGEMENT

Huge Value is not exposed to any material financial risks.

4. REVENUE

Huge Value has not earned any income during the Related Period.

5. OPERATING LOSS

The operating loss is arrived at after charging:

	2006
	HK$
Auditors' remuneration	6,000
Incorporation expenses	9,000

6. CASH AND CASH EQUIVALENTS

Huge Value has no balance of cash and cash equivalents as at 31 December 2006.

7. AMOUNT DUE TO A SHAREHOLDER

The amount due to the shareholder is unsecured, interest-free and has no fixed repayment term.

	2006
	HK$
Lau Siu Hung, Ricky	8,992

8. SHARE CAPITAL

	2006
	HK$
Authorised and issued	8

9. REMUNERATION OF DIRECTORS

During the Relevant Period, no amounts have been paid in respect of directors' emoluments, directors' or past directors' pensions or for any compensation to directors or past directors in respect of loss of office.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Period. During the Relevant Period, no remuneration were paid by Huge Value to the directors or other employees as an inducement to join and as compensation for loss of office.

10. EVENT AFTER THE BALANCE SHEET DATE

On 12 February 2007, Mr. Lau Siu Hung, Ricky ("Vendor"), the sole shareholder of Huge Value, entered into a sale and purchase agreement with Technology Venture Investments Limited ("Purchaser"), a subsidiary of Venture International Investment Holdings Limited, to sell the entire share capital of Huge Value to the Purchaser at a total consideration of HK$78,000,000.

Your truly,
Lawrence CPA Limited
Hong Kong

Lawrence CPA Limited

富勤

富勤會計師有限公司

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161-167, Des Voeux Road Central,
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德輔道中，161-167 號，
香港貿易中心，3 樓

7 March 2007

The Directors
Venture International Investment Holdings Limited
Unit 1, 31/F.,
118 Connaught Road West,
Hong Kong

Dear Sirs,

REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

We report on the unaudited pro forma financial information of Venture International Investment Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out in the Company's circular (the "Circular") in connection with the acquisition (the "Acquisition") of the entire issued share capital of Huge Value Development Ltd ("Huge Value") as more fully discussed in the Letter from the Board contained in the Circular, pursuant to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (referred hereinafter as "Listing Rules"). The unaudited pro forma financial information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Acquisition might have affected the relevant financial information of the Group as at 30 June 2006 ("the Reporting Date").

RESPONSIBILITIES

It is the sole responsibility of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 4.29 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Report on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company.

Our work does not constitute an audit or review in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants, and accordingly, we do not express any such assurance on the unaudited pro forma financial information.

The unaudited pro forma financial information has been prepared on the basis set out on the following pages for illustrative purpose only and, because of its nature, it may not be indicative of the financial position of the Group as at the Reporting Date, or any future dates.

OPINION

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Lawrence CPA Ltd
Hong Kong

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET OF THE GROUP

The unaudited pro forma consolidated balance sheet of the Group presented below has been prepared based on the latest published consolidated balance sheet of the Group as at the Reporting Date and adjusted to illustrate the effect of the Acquisition.

For the purpose of presenting the unaudited pro forma consolidated balance sheet of the Group as at the Reporting Date, it has been assumed that the Acquisition took place on the Reporting Date.

The unaudited pro forma consolidated balance sheet has been prepared for illustrative purposes only and may not give a true picture of the financial position of the Group as at the Reporting Date or at any future dates.

The information of Huge Value is derived from the most recent accountants' report on it for the 6 months from 5 July 2006 to 31 December 2006.

	The Group	Huge Value	Adjustments		Pro forma
	HK$'000	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
	(Note 1)	*(Note 2)*			
Non-current Assets					
Fixed assets	1,319	–			1,319
Deferred development costs	12,772	–			12,772
Goodwill	–	–	78,795	*3*	78,795
Available-for-sale investments	108,416	–	(58,604)	*6*	49,812
	122,507	–			142,698
Current assets					
Inventories	3,830	–			3,830
Accounts and bills receivable	16,745	–			16,745
Prepayments, deposits and other receivables	39,684	–	(3,689)	*4*	35,995
Non-pledged time deposits	14,904	–			14,904
Cash and bank balances	8,669	–	57,091	*6*	
			(57,091)	*4*	8,669
	83,832	–			80,143
Current liabilities					
Accounts and bills payable	1,852	–			1,852
Tax payable	8,762	–			8,762
Accrued expenses and other payables	34,389	15	18,000	*4*	52,404
Bank and other borrowings	200	–			200
Current portion of obligation under finance lease	152	–			152
	45,355	15			63,370
Net current assets/(liabilities)	38,477	(15)			16,773
Net assets/(liabilities)	160,984	(15)			159,471
Equity attributable to equity holders of the parent:					
Issued capital	55,735	0.008	(0.008)	*5*	55,735
Reserves	105,249	(15)	15	*5*	–
			(16,472)	*6*	
			14,959	*6*	103,736
	160,984	(15)			159,471

Notes to the unaudited pro forma Consolidated Balance Sheet

1. The financial figures are extracted from the interim consolidated financial statements of the Group as at the Reporting Date.

2. The financial figures are those of the balance sheet of Huge Value as at 31 December 2006.

3. The amount represents goodwill arising on the acquisition of the share capital of Huge Value.

   The amount is arrived at as follows:

	HK$'000	*HK$'000*
Consideration for the purchase of Huge Value		78,000
Transaction costs		780
		78,780
Add: Fair value of net liabilities of Huge Value		
– Capital	(0.008)	
– Accumulated losses	15	15
Amount of goodwill		78,795

4. The total consideration of HK$78 million is financed, on a pro forma basis, by the followings:

	HK$'000
Cash from realization of available-for-sale investments	57,091
Cash from realization of prepayments, deposits and other receivables	3,689
Amount payable on expiry of Earn Out Period	18,000
	78,780

5. The amount represents elimination of the capital and accumulated losses of Huge Value in the compilation of the pro forma consolidated balance sheet.

6. The gain on disposal of available-for-sale investments is as follows:

		HK$'000
Sales proceeds		58,805
Less: Transaction costs		(1,714)
Net cash from realization of the investments		57,091
Less: Cost of investment of the investments		
– Carrying amounts	(58,604)	
– Revaluation reserves	16,472	(42,132)
The gain on disposal of available-for-sale investments		14,959

7. The consolidated balance sheet of the Group as at 30 June 2006 does not include the effect of the acquisition of Grand Panorama Limited, which became a subsidiary of the Company on 1 August 2006.

In accordance with paragraph 31 of Appendix 1B of the Listing Rules, the following accountants' report, together with the unaudited pro forma financial information of the Group and the combined income statement of the Group, after the completion of the acquisition of Grand Panorama in a consideration of HK$30 million and the extention of the time for the fulfilment of the profit guarantees provided by vendors, which were included in or extracted from the circular of the Company dated 30 January 2007 to the Shareholders have been included in this circular due to the acquisition of Grand Panorama taking place 12 months from the latest audited account of the Company ended on 31 December 2005.

(A) ACCOUNTANTS' REPORT ON GRAND PANORAMA

The following is the text of a letter, prepared for the sole purpose of inclusion in this circular dated 30 January 2007, received from the reporting accountants, Lawrence CPA Limited.

Lawrence CPA Limited

富勤

富勤會計師有限公司

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30 January 2007

The Directors
Venture International Investment Holdings Limited
Unit 1, 31st Floor
118 Connaught Road West
Hong Kong

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information of Grand Panorama Limited ("Grand Panorama"), and its subsidiary, Conity Investment & Consultants (Shanghai) Co., Ltd. ("Conity") (together "the GP Group") for the period from 6 December 2005 to 30 September 2006 ("the Relevant Period"), which comprise the balance sheet as at 30 September 2006, and the income statement, statement of changes in equity and cash flow statement for the 9 months then ended, and a summary of significant accounting policies and other explanatory notes.

This report is for inclusion in the circular to shareholders of Venture International Investment Holdings Limited (the "Circular") in connection with the extension of the time for fulfillment of the Profit Guarantees as more fully discussed in the Letter from the Board included in the same Circular.

Grand Panorama became a wholly owned subsidiary of Technology Venture Investments Limited, a subsidiary of Venture International Investment Holdings Limited, on 1 August 2006.

Grand Panorama was incorporated in British Virgin Islands on 6 December 2005 and Conity was incorporated in Shanghai on 20 July 2005. On 31 December 2005, Conity agreed with Bonity Property Group (Shanghai) Co., Ltd. ("Bonity") to acquire from the latter the businesses of its Residential Department and Non-residential (Commercial) Department ("the 2 Departments"). This agreement was completed on 13 March 2006. Bonity was engaged in the provision of property consulting agency services in Shanghai.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors are responsible for the preparation and the true and fair presentation of these financial information in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

RESPONSIBILITY OF THE REPORTING ACCOUNTANTS

Our responsibility is to express an opinion on these financial information based on our audit. We do not assume responsibility towards or accept liability to any other person for the content of the report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial information are free from material misstatement.

Our work involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

BASIS OF PRESENTATION AND OPINION

For the purpose of this report, we have examined the consolidated financial statements of the GP Group for the Relevant Period and have carried out such additional procedures as are necessary in accordance with the Auditing Guideline "Prospectuses and the Reporting Accountant" issued by the HKICPA.

THE GOING CONCERN BASIS OF ACCOUNTING

Without qualifying our opinion, we draw attention to Note 19 of this report which indicates that the GP Group incurred a net loss of HK$3,330,560 during the Relevant Period and, as of that date, the GP Group's total liabilities exceeded its total assets by HK$2,246,560. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the GP Group's ability to continue as a going concern.

According to the business plan and the budget, the GP Group is expected to become profitable in 2007 when Conity is forecasted to commence generating positive cashflow. The Directors have obtained an undertaking from Venture International Investment Holdings Limited to provide financial support to the GP Group in its operation in 2007. Accordingly, the directors of Grand Panorama prepare the consolidated financial statements on a going concern basis and do not include any adjustments that would result from a failure to obtain such support.

Our opinion on the financial information is based on the assumption that the above-mentioned future funding support is available. We consider that the matter has been adequately disclosed and our opinion is not qualified in this respect.

OPINION

In our opinion, the financial information, for the purpose of this report and on the above bases, has incorporated all adjustments considered necessary and show a true and fair view of the consolidated state of affairs of the GP Group as at 30 September 2006 and its consolidated results and cash flows for the Relevant Period.

Consolidated Income Statement for the period from 1 January 2006 to 30 September 2006

	Note	**1 January 2006 to 30 September 2006** *HK$*	**6 December 2005 to 31 December 2005** *HK$*
Revenue	*5*	5,373,192	–
Cost of services		(3,639,859)	–
Gross profit		1,733,333	–
Other income	*5*	3,417	–
Selling and marketing expenses		(472,572)	–
Administrative expenses		(3,871,983)	(8,000)
Other expenses		(722,755)	–
Operating loss	*6*	(3,330,560)	(8,000)
Income tax expense	*7*	–	–
Loss for the period		(3,330,560)	(8,000)

Consolidated Balance Sheet as at 30 September 2006

	Note	30 September 2006 HK$	31 December 2005 HK$
Non-current assets			
Property, plant and equipment	8	704,897	–
Intangible assets	9	511,399	–
		1,216,296	–
Current assets			
Trade receivable	10	944,317	–
Prepayments, deposits and other receivables		530,935	1,092,000
Cash and cash equivalents	11	149,745	–
		1,624,997	1,092,000
Total assets		2,841,293	1,092,000
Current liabilities			
Trade payable	12	451,452	–
Amount due to related company	13	268,835	–
Accrued liabilities and other payables		4,367,566	8,000
		5,087,853	8,000
Net current (liabilities) assets		(3,462,856)	1,084,000
Total assets less current (liabilities) assets		(2,246,560)	1,084,000
Capital and reserves			
Share capital	14	81,206	81,206
Reserves		(2,327,766)	1,002,794
(Net Liabilities) Total equity		(2,246,560)	1,084,000

Consolidated Statement of Changes in Equity for the period from 1 January 2006 to 30 September 2006

	Share capital *HK$*	Share premium *HK$*	Accumulated losses *HK$*	Total *HK$*
At 1 January 2005	–	–	–	–
Issue of capital	81,206	–	–	81,206
Share premium	–	1,010,794	–	1,010,794
Loss for the period	–	–	(8,000)	(8,000)
At 31 December 2005	81,206	1,010,794	(8,000)	1,084,000
Loss for the period	–	–	(3,330,560)	(3,330,560)
At 30 September 2006	81,206	1,010,794	(3,338,560)	(2,246,560)

Consolidated Cash Flow Statement for the period from 1 January 2006 to 30 September 2006

	1 January 2006 to 30 September 2006	6 December 2005 to 31 December 2005
	HK$	*HK$*
Operating activities		
Loss before tax	(3,330,560)	(8,000)
Adjustments for:		
Bank interest income	(3,417)	–
Depreciation	133,134	–
Loss on disposal of fixed assets, net	74,323	–
Provision for doubtful debts	647,710	–
Operating loss before changes in working capital	(2,478,810)	(8,000)
Increase in trade receivable	(223,859)	–
Decrease (Increase) in prepayment and other receivables	967,416	(1,092,000)
Increase in trade payable	5,677	–
Increase in amount due to related company	268,835	–
Increase in accrued liabilities and other payables	3,016,997	8,000
Cash generated from (used in) operations	4,035,066	(1,084,000)
Net cash inflow (outflow) from operating activities	1,556,256	(1,092,000)
Investing activities		
Purchases of fixed assets	(330,535)	–
Acquisition of subsidiary, net of cash acquired	(1,065,837)	–
Bank interest received	3,417	–
Effect of changes in foreign exchange rate	(13,556)	–
Net cash outflow from investing activities	(1,406,511)	–
Financing activities		
Proceeds from issue of capital	–	1,092,000
Net cash inflow from financing activities	–	1,092,000
Net increase in cash	149,745	–
Cash and cash equivalents at beginning of the period	–	–
Cash and cash equivalents at end of the period	149,745	–
Analysis of balance of cash at end of the period		
Cash and bank balances	149,745	–

Balance Sheet as at 30 September 2006

	Note	30 September 2006 HK$	31 December 2005 HK$
Non-current assets			
Investment in a subsidiary	15	1,092,000	1,092,000
Current assets			
Amounts due from related companies		4,891	–
Total assets		1,096,891	1,092,000
Current liabilities			
Accrued liabilities and other payables		15,000	8,000
Net current liabilities		(10,109)	(8,000)
Total assets less current liabilities		1,081,891	1,084,000
Capital and reserves			
Share capital	14	81,206	81,206
Reserves		1,000,685	1,002,794
Total equity		1,081,891	1,084,000

Notes to the financial information

1. CORPORATE INFORMATION

Grand Panorama is a limited liability company incorporated in the British Virgin Islands. The address of its registered office is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. Conity is a company established on 20 July 2005 as a wholly foreign-owned enterprise under the Law of the People's Republic of China ("PRC") on Enterprises Operated Exclusively with Foreign Capital. The main business of the GP Group was provision of property consulting agency services in the PRC.

These financial statements are presented in units of Hong Kong dollars (HK$). These financial statements have been approved for issue by the Board of Directors on 30 January 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The Company adopts the standards and interpretations of HKFRS in the compilation of its financial statements in 2005. New HKFRSs issued but not yet effective are not adopted. These HKFRSs, if adopted, will not result in substantial changes to the Company's accounting policies.

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries.

Subsidiaries are entities over which the GP Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the GP Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the GP Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the GP Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the GP Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the GP Group.

In the company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2.3 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Hong Kong dollar ("HK$"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(c) all resulting exchange differences are recognized as a separate component of equity except that net exchange loss is recognized in profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operations is sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the GP Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost or revalued amounts over their estimated useful lives, as follows:

–	Office equipment	5 years
–	Leasehold improvement	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the amount of the asset's carrying amount is greater than its estimated recoverable amount.

Gain and losses on disposals of assets are determined by comparing proceeds with carrying amount and are included in the income statement.

2.5 Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

2.6 Impairment of assets

Assets that have an indefinite useful life are not subject to amortization but are tested annually for impairment. They are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.7 Financial instruments

Financial assets and financial liabilities are recognized on the balance sheet when the Group becomes a party to the contract in question.

Financial assets

(i) Trade receivables, deposits, other receivables and prepayments

The assets are recognized and carried at original amounts. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(ii) Cash and cash equivalents

Cash and cash equivalents include cash in hand and held with banks.

Financial liabilities

Trade payable, accrued expenses and other payable are recognized and carried at fair value.

2.8 Employee benefits

Employee retirement benefits in the form of contributions to the relevant authorities under defined contribution retirement plans are charged to the income statement as and when incurred.

Employees are required to participate in a central pension scheme operated by the local municipal government. Conity is required to contribute at the statutory rate of its payroll costs to the scheme.

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there is a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be minimal.

2.9 Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably, on the following basis:

(a) Revenue from rendering of property agency services, when the service are rendered and agreed by the contract parties, which generally coincides with the time when provisional sale and purchase agreements or tenancy agreements are signed;

(b) Interest income, on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable.

2.10 Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the period of the lease.

2.11 Income tax

Income tax for the year comprises current tax and deferred tax. Current tax and movements in deferred tax liabilities are recognized in the income statement except to the extent that they relate to items recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of the assets and liabilities for financial reporting purposes and the amount used for taxation purposes.

The amount of deferred tax recognized is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Deferred tax asset is not recognized when there is uncertainty about whether sufficient taxable profit will be made in the future to allow the related tax benefit to be utilised.

2.12 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the notes to the financial statements, if any. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognized as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain event not wholly within the control of the Group.

Contingent assets are not recognized but are disclosed in the notes to the financial statements, if any, when an inflow of economic benefits is probable. When the inflow is virtually certain, an asset is recognized.

3. FINANCIAL RISK MANAGEMENT

The GP Group's activities expose it to a variety of financial risks including interest rate risk, credit risk and liquidity risk.

(i) Interest rate risk

The GP Group's income and operating cash flows are substantially independent of changes in market interest rates as the GP Group has no significant interest-bearing assets or liabilities. The GP Group's exposure to changes in interest rates is mainly attributable to sensitivity of its customers to interest rate fluctuations.

(ii) Credit risk

The GP Group has no significant concentrations of credit risk. It also has policies in place to ensure that the services are provided to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers.

(iii) Liquidity risk

The GP Group manages the risk of funding problem by maintaining sufficient cash and obtaining support from the ultimate parent company to deal with operational needs.

(iv) Fair value estimation of financial assets and liabilities

The carrying amounts of the GP Group's financial assets and financial liabilities approximate their fair values due to their short maturities.

4. IMPORTANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The GP Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimate and assumption that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relates to collectibility of commission incomes and the related provision for doubtful debts.

The GP Group makes provision for doubtful debts based on an assessment of the recoverability of commission receivable. Provisions are applied to the receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of accounts receivable and other receivables and the doubtful debt expenses in the years in which such estimates have been changed.

5. REVENUE AND OTHER INCOME

Revenue recognized during the year are as follows:

	Group		Company	
	1 January 2006 to 30 September 2006	**6 December 2005 to 31 December 2005**	**1 January 2006 to 30 September 2006**	**6 December 2005 to 31 December 2005**
	HK$	*HK$*	*HK$*	*HK$*
Revenue				
Property agency service fees	5,373,192	–	–	–
Other income				
Interest income	3,417	–	2,975	–
	5,376,609	–	2,975	–

The GP Group is principally engaged in the business segment of property agency, and most of its operations and assets are located in Shanghai. Less than 1% of the GP Group's turnover and contribution to operation is attributable to other activities.

6. OPERATING LOSS

The operating loss is arrived at after charging (crediting):

	Group		Company	
	1 January 2006 to 30 September 2006	**6 December 2005 to 31 December 2005**	**1 January 2006 to 30 September 2006**	**6 December 2005 to 31 December 2005**
	HK$	*HK$*	*HK$*	*HK$*
Direct cost of agency services	3,639,859	–	–	–
Depreciation	133,134	–	–	–
Incorporation expenses	–	8,000	–	8,000
Loss on disposal of equipments	74,323	–	–	–
Operating lease expenses	1,347,474	–	–	–
Provision for doubtful debts	647,710	–	–	–
Staff costs, excluding directors' remuneration:				
– Salaries	1,258,576	–	–	–
– Payments to defined benefit plans in Mainland China	48,347	–	–	–
– Other welfare and benefits	222,480	–	–	–
Interest income	(3,417)	–	(2,975)	–

7. INCOME TAX EXPENSE

Group

Conity, which is the only potential tax payer of the GP Group, is subject to Enterprise Income Tax ("EIT") at 33% during the period. Conity incurred losses for the purpose of PRC generally accepted accounting principles ("PRC GAAP") and tax rules; accordingly, no provision for income tax has been made (2005: nil).

A reconciliation of the theoretical tax expense applicable to loss before tax using the statutory rate to the actual tax expense shown in the income statement is as follows:

	1 January 2006 to 30 September 2006 *HK$*	**6 December 2005 to 31 December 2005** *HK$*
Loss before tax	3,330,560	–
Tax at statutory rate of 33%	1,099,085	–
Tax asset not deemed to be recoverable	(1,099,085)	–
Tax expense	–	–

Company

The Company was incorporated in the British Virgin Islands under the International Business Companies Acts and is exempted from payment of income tax in the British Virgin Islands.

8. PROPERTY, PLANT AND EQUIPMENT

Group

	Office equipment *HK$*	Leasehold improvement *HK$*	Total *HK$*
Cost:			
At 1 January 2006	–	–	–
Additions	57,769	272,766	330,535
Acquisition of a subsidiary	571,927	–	571,927
Disposals/write-off	(23,596)	(60,534)	(84,130)
Exchange differences	11,885	4,160	16,045
At 30 September 2006	617,985	216,392	834,377
Accumulated depreciation:			
At 1 January 2006	–	–	–
Provided during the year	88,548	44,586	133,134
Acquisition of a subsidiary	3,663	–	3,663
Disposals/write-off	(1,287)	(8,520)	(9,807)
Exchange differences	1,783	707	2,490
At 30 September 2006	92,707	36,773	129,480
Net book value:			
At 30 September 2006	525,278	179,619	704,897
At 31 December 2005	–	–	–

9. INTANGIBLE ASSETS

Group

	Goodwill	**Total**
	HK$	*HK$*
Cost:		
At 1 January 2006	–	–
Acquisition of a subsidiary	511,399	511,399
At 30 September 2006	511,399	511,399
Accumulated amortisation:		
At 1 January 2006	–	–
Provided during the year	–	–
At 30 September 2006	–	–
Net book value:		
At 30 September 2006	511,399	511,399
At 31 December 2005	–	–

10. TRADE RECEIVABLE

Group

	30 September 2006	**31 December 2005**
	HK$	*HK$*
Commission receivable, gross	1,676,734	–
Less: Provision for doubtful debts	(732,417)	–
Commission receivable, net	944,317	–

The aging analysis of the commission receivable at the balance sheet date is as follows:

	30 September 2006	**31 December 2005**
	HK$	*HK$*
0 to 30 days	382,449	–
31 days to 60 days	280,186	–
61 days to 90 days	230,760	–
Over 90 days	783,339	–
Commission receivable, gross	1,676,734	–

Customers are given a credit period of 2 months from the date of the property transaction to settle the commission.

11. CASH AND CASH EQUIVALENTS

Group

	30 September 2006 *HK$*	31 December 2005 *HK$*
Cash in hand	7,329	–
Cash at bank	142,416	–
Cash and bank balances	149,745	–

12. TRADE PAYABLE

Group

	30 September 2006 *HK$*	31 December 2005 *HK$*
Commission payable	451,452	–

The commission is payable to employees of Conity for business contracted at a range of 0.6% – 35% of the commission income.

The aging analysis of the balance of commission payable at the balance sheet date is as follows:

	30 September 2006 *HK$*	31 December 2005 *HK$*
0 to 30 days	101,406	–
31 days to 60 days	158,294	–
61 days to 90 days	191,752	–
Commission payable	451,452	–

The commission is payable when the related service income is received.

13. RELATED PARTY TRANSACTION

Group

Grand Panorama is a wholly owned subsidiary of Venture International Investment Holdings Limited.

		1 January 2006 to 30 September 2006	6 December 2005 to 31 December 2005
		HK$	*HK$*
(i)	Fee paid on information technology management and support services provided by Acacia Asia Partners Limited ("Acacia SH")	289,951	–
		HK$	*HK$*
(ii)	Balance due to Acacia BVI	(273,726)	–
	Balance due from Technology Venture Investments Limited	4,891	–

Acacia BVI is a subsidiary of Venture International Investment Holdings Limited.

14. SHARE CAPITAL

Company

	Number of shares in issue	30 September 2006	31 December 2005
		HK$	*HK$*
Authorised and issued	10,411	81,206	81,206

15. INVESTMENT IN A SUBSIDIARY

Company

	30 September 2006	31 December 2005
	HK$	*HK$*
Unlisted investment, at cost	1,092,000	1,092,000

At the date of this Report, Grand Panorama has interest in the following subsidiary:

Company held directly	Place of registration and operation	Nominal value of registered capital	Principal activities
Conity Investment & Consultants (Shanghai) Co., Ltd.	Mainland China	US$140,000	Property consulting agency services

16. REMUNERATION OF DIRECTORS

During the period, no amounts have been paid in respect of directors' emoluments, directors' or past directors' pensions or for any compensation to directors or past directors in respect of loss of office (2005: Nil).

There was no arrangement under which a director waived or agreed to waive any remuneration during the period. During the period, no remuneration were paid by the GP Group and the Company to the directors or other employees as an inducement to join and as compensation for loss of office.

17. COMMITMENTS

Group

Operating lease commitments

Future minimum commitments payable under non-cancellable operating leases for buildings are as follows:

	30 September 2006 *HK$*	31 December 2005 *HK$*
Within one year	1,798,623	6,759,676
In the second to fifth years, inclusive	3,138,831	9,388,788
	4,937,454	16,148,464

Conity leases certain of its shops under operating lease arrangements. Leases for shops are negotiated for terms ranging from one to five years. The terms of the leases generally require the tenants to pay security deposits and provide for periodical rent adjustments according to the then prevailing market conditions.

Save as aforesaid, the GP Group did not have any other significant commitments.

18. PENSION CONTRIBUTION

In accordance with the relevant regulations in Mainland China, Conity is required to contribute retirement benefits to the local social security bureau for its employees. The contributions are calculated based on the statutory required rate of the salaries of existing employees.

19. GOING CONCERN

There is a material uncertainty on whether the GP Group is able to continue in operation as it incurred a loss during the Relevant Period and total liabilities exceeded total assets as at the end of the Period. Management has put into effect action to cut costs and maintain competitiveness. Losses for the months in October 2006 and November 2006 have been reduced. The directors have obtained undertaking from Venture International Investment Holdings Limited to provide financial support in its operation in 2007.

20. FINANCIAL INFORMATION OF GRAND PANORAMA

Grand Panorama did not have revenue during 2005 and 2006. Losses attributable to Grand Panorama for the two years are HK$8,000 and HK$2,109 respectively.

21. EVENT AFTER THE BALANCE SHEET DATE

Previously, Mr. Samuel Lin Jr. has guaranteed to Technology Venture Investments Limited that the audited profits before tax of the GP Group for the financial years ended 31 December 2006 and 2007 shall not be less than RMB4,000,000 and RMB6,000,000 respectively.

On 17 November 2006, Technology Venture Investments Limited entered into an agreement (the Supplemental Agreement) with the former shareholders of Grand Panorama and Mr. Samuel Lin Jr. as Guarantor to extend the time for fulfillment of the above Profit Guarantees for one year from 2006 and 2007 to 2007 and 2008 respectively.

Your truly,
Lawrence CPA Limited

Hong Kong

(B) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Lawrence CPA Limited

富勤
富勤會計師有限公司

3/F., Hong Kong Trade Centre,
161-167, Des Voeux Road Central,
Central, Hong Kong

香港，中環，
德輔道中，161-167 號，
香港貿易中心，3 樓

30 January 2007

The Directors
Venture International Investment Holdings Limited
Unit 1, 31/F.
118 Connaught Road West
Hong Kong

Dear Sirs,

REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

We report on the unaudited pro forma financial information of Venture International Investment Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out in the Company's circular (the "Circular") in connection with the extension of the time for the fulfilment of the Profits Guarantees ("Extension") as more fully discussed in the Letter from the Board contained in the Circular, pursuant to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (referred hereinafter as "Listing Rules"). The unaudited pro forma financial information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Extension might have affected the relevant financial information of the Group as at 31 December 2005.

RESPONSIBILITIES

It is the sole responsibility of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 4.29 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Report on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company.

Our work does not constitute an audit or review in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants, and accordingly, we do not express any such assurance on the unaudited pro forma financial information.

The unaudited pro forma financial information has been prepared on the basis set out on the following pages for illustrative purpose only and, because of its nature, it may not be indicative of the financial position of the Group as at 31 December 2005, or at any future dates.

OPINION

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Lawrence CPA Ltd

Hong Kong

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET OF THE GROUP

The unaudited pro forma consolidated balance sheet of the Group presented below has been prepared based on the latest annual published audited consolidated balance sheet of the Group as at 31 December 2005 and adjusted to illustrate the effect of the Acquisition.

For the purpose of presenting the unaudited pro forma consolidated balance sheet of the Group as at 31 December 2005, it has been assumed that the Acquisition took place on 31 December 2005.

The unaudited pro forma consolidated balance sheet has been prepared for illustrative purposes only and may not give a true picture of the financial position of the Group as at 31 December 2005 or at any future dates.

The information of Grand Panorama is derived from the most recent accountants' report on it for the 9 months from 1 January 2006 to 30 September 2006.

	The Group	**Grand Panorama**	**Adjustments**		**Pro forma**
	HK$'000	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
	(Note 1)	*(Note 2, 3)*			
Non-Current Assets					
Fixed assets	1,916	705			2,621
Deferred development costs	12,772	–			12,772
Goodwill	–	511	32,107	*4, 8*	32,618
Available-for-sale investments	91,700	–			91,700
	106,388	1,216			139,711
Current assets					
Inventories	3,444	–			3,444
Trade receivable	24,718	–			24,718
Commission receivable	–	944			944
Prepayments, deposits and other receivables	16,006	531			16,537
Pledged time deposits	139	–			139
Cash and bank balances	52,173	150	(19,248)	*5*	33,075
	96,480	1,625			78,857

	The Group HK$'000 (Note 1)	Grand Panorama HK$'000 (Note 2, 3)	Adjustments HK$'000	Note	Pro forma HK$'000
Current liabilities					
Trade and bills payable	2,002	–			2,002
Tax payable	8,993	–			8,993
Commission payable	–	451			451
Accrued expenses and other payables	35,525	4,368			39,893
Amounts due to a related company	–	269			269
Secured bank loans	626	–			626
Current portion of obligation under finance lease	203	–			203
	47,349	5,088			52,437
Net current assets/(liabilities)	49,131	(3,463)			26,420
Total assets less current liabilities	155,519	(2,247)			166,131
Non-current liabilities					
Obligation under finance lease	51	–			51
Deferred tax	159	–			159
	210	–			210
	155,309	(2,247)			165,921
Equity attributable to equity holders of the parent:					
Share capital	55,735	81	11,765	6	
			(81)	7	67,500
Share premium	–	1,011	235	6	
			(1,011)	7	235
Accumulated losses	(253,341)	(3,339)	1,951	7	(254,729)
Other reserves	352,915	–			352,915
	155,309	(2,247)			165,921

Notes to the unaudited pro forma Consolidated Balance Sheet

1. The audited financial figures are extracted from the 2005 consolidated financial statements of the Group.

2. The financial figures are the consolidated financial statements of Grand Panorama and Conity Investment & Consultants (Shanghai) Co., Ltd. ("Conity") as at 30 September 2006.

3. The financial information are translated from renminbi ("RMB") at the exchange rate of HK$1.00 to RMB1.02.

4. The amount represents goodwill arising on the acquisition of the share capital of Grand Panorama.

   The amount is arrived at as follows:

	HK$'000
Consideration for the purchase of Grand Panorama	30,000
Transaction costs	1,248
	31,248
Add: Fair value of net liabilities of Grand Panorama	
– Capital	(81)
– Share Premium	(1,011)
– Accumulated losses	1,951
Amount of goodwill	32,107

5. The amount represents the sum of the cash portion of the purchase consideration of HK$18,000,000 and the transaction costs of HK$1,247,517.

6. The amount represents the value of new shares of the Company of HK$12,000,000 issued and alloted as part of the consideration for the Acquisition.

   The amount of HK$235,000 is share premium on the allotment and issue of the Consideration Shares. The value of HK$12,000,000 of the 117,647,059 Consideration Shares issued by the Company for the Acquisition consists of the followings:

	HK$'000
Ordinary shares	11,765
Share premium	235
	12,000

7. The amount represents elimination of the capital and pre-acquisition reserves of Grand Panorama in the compilation of the consolidated Group financial statements.

8. No impairment loss is provided by the directors because of positive future cash projection and the revised profit guarantees made by the Guarantor, Mr. Samuel Lin, of HK$4,000,000 and HK$6,000,000 for the financial years ended 31 December 2007 and 31 December 2008 respectively.

(C) COMBINED INCOME STATEMENT OF THE GROUP

Set out below is the unaudited combined income statement of the Group.

The statement is based on the followings:

(i) the audited consolidated income statement of the Group extracted from the annual report of the Company for the year ended 31 December 2005; and

(ii) the audited income statement of Grand Panorama for the year ended 31 December 2005 extracted from the accountants' report included in the circular issued by the Company on 30 January 2007 in respect of the extension of the time for fufilment of profit guarantees in relation to the acquisition of Grand Panorama.

	The Group	**Grand Panorama**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
CONTINUING OPERATIONS			
Revenue	128,884	–	128,884
Cost of sales	(119,990)	–	(119,990)
Gross profit	8,894	–	8,894
Other income	8,902	–	8,902
Selling and marketing expenses	(4,039)	–	(4,039)
Administrative expenses	(23,948)	(8)	(23,956)
Other expenses	(1,046)	–	(1,046)
Impairment losses of goodwill	(602)	–	(602)
LOSS FROM CONTINUING OPERATIONS	(11,839)	(8)	(11,847)
Finance costs	(567)	–	(567)
LOSS BEFORE TAX	(12,406)	(8)	(12,414)
Income tax	2,413	–	2,413
LOSS FOR THE YEAR/PERIOD FROM CONTINUING OPERATIONS	(9,993)	(8)	(10,001)
DISCONTINUED OPERATION			
Loss for the year from discontinued operation	(27,850)	–	(27,850)
Loss for the year/period	(37,843)	(8)	(37,851)

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(A) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the following Directors had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules:

Name of Director	Nature of interest	No. of Shares held	Position	Approximate percentage of issued share capital
Chan Tze Ngon	Beneficial owner	125,542,000	Long	15.73%
Mr. Tse	Beneficial owner	30,000,000	Long	3.76%

Name of Directors	Nature of interest	No. of underlying Shares	No. of share options	Position
Mr. Benedict Tai *(note)*	Beneficial owner	600,000	600,000	Long
Mr. Fu Yan Yan *(note)*	Beneficial owner	600,000	600,000	Long
Ms. Wang Xi Ling *(note)*	Beneficial owner	600,000	600,000	Long

Note: These options were granted under the share option scheme adopted by the Company and entitle the holders thereof to subscribe for Shares at an exercise price of HK$0.15 per Share.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

(B) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

(i) Interests in shares of associated corporations of the Company

Name of subsidiary	**Name of entity**	**Class and no. of securities**	**Percentage shareholdings**
TVH Cyber Technology Ltd.	Yi Jun Yong	200 ordinary shares of HK$1 each (L)	20%
BMC Software (China) Ltd.	BMC Software (HK) Ltd.	1 ordinary share of HK$1 (L)	10%

L: represents the long position in the securities

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company), including companies of which the Director/proposed directors is an employee, who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

4. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which are contained in this circular:

Name	**Qualification**
Lawrence CPA Limited	Certified public accountants

Lawrence CPA Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Lawrence CPA Limited:

(a) was not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of or leased to any member of the Group since 31 December 2005, being the date to which the latest published audited accounts of the Company were made up; and

(b) did not have any shareholding interests in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

6. MATERIAL ADVERSE CHANGE

Save as disclosed herein, the Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2005, being the date to which the latest published audited consolidated financial statements of the Group was made up.

After performing all reasonable due diligence work which the Directors consider appropriate, the Directors are not aware of any material adverse change in the financial position of Huge Value since 31 December 2006, and there was no event since 31 December 2006 which would materially affect the information as shown in the accountants' report of Huge Value.

7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor their respective associates had any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

8. SHARE CAPITAL

		HK$
Authorised:		
1,000,000,000	Shares	100,000,000
Issued and to be issued, fully paid or credited as fully paid:		
798,198,552	Shares in issue as at the Latest Practicable Date	79,819,855

9. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business of the Group, have been entered into by member of the Group within two years preceding the date of this circular and are, or may be, material:

(i) the sale and purchase agreement dated 19 August 2005 and entered into between Li Yiu Wai and the Group for the acquisition of the entire issued share capital of and the shareholder's loan due from Acacia Asia Partners Limited at a total consideration of HK$13 million;

(ii) the irrevocable letter of undertaking dated 13 September 2005 and the irrevocable renewed letter of undertaking dated 13 July 2006 in relation to, among other matters, the disposal of approximately 14.96% of the issued share capital of ChinaCast Communication Holdings Limited;

(iii) the sale and purchase agreement dated 30 September 2005 and entered into between Prosper Success Investments Limited and Advanced Digital Technology Company Limited (HK) for the sale and purchase of the entire registered capital of Beijing Advanced Information Technology Company Limited (北京先進數通信息技術有限公司)#;

(iv) the sale and purchase agreement dated 30 September 2005 and entered into between Aryalin Associates Limited and the Purchaser for the sale and purchase of 450 shares of US$1.00 each in the share capital of Advanced Digital Technology Company Limited (BVI);

(v) the sale and purchase agreement dated 10 February 2006 (including any amendments thereto) (the "Sale and Purchase Agreement") and entered into among the Purchaser, the vendors to the Sale and Purchase Agreement, comprising August Chance Investments Limited, Recognition International Limited, John S & Sherry H Chan 1994 Family Trust, Toh Teng Peow David, Tam Yuk Ching Jenny, Double Assets Investments Limited, Profitone Agents Limited, Universal Chinese Limited, Ever Perform Technology Limited and Fabulous On Services Limited (the "Sellers") and Mr. Samuel Lin Jr., as guarantor in relation to the acquisition of the entire issued share capital of Grand Panorama at a total consideration of HK$30,000,000;

(vi) the sale and purchase agreement dated 17 July 2006 and entered into between Mr. Chan Tze Ngon, an executive Director, as the purchaser and the Purchaser as the vendor in relation to the disposal of 33,037,220 shares in ChinaCast Communication Holdings Limited at a total consideration of S$9,250,000 (equivalent to approximately HK$46,805,000);

(vii) the sale and purchase agreement dated 19 October 2006 and entered into between 冠亞科技（上海）有限公司 (Topasia Tech (Shanghai) Limited)#, a subsidiary of the Company, as vendor and 北京潤高文化發展有限公司 (Beijing Run Gao Cultural Development Limited)# as purchaser in relation to the disposal of 20% of the registered and paid-up capital of 北京東師雙威教育技術開發有限公司 (Beijing Dongshi Shuangwei Education Technology Company Limited)# at a total consideration of RMB12,000,000 (equivalent to approximately HK$12,000,000);

(viii) the supplemental agreement to the Sale and Purchase Agreement dated 17 November 2006 and entered into among the Purchaser, the Sellers and Mr. Samuel Lin Jr.;

(ix) the conditional placing agreement dated 22 January 2007 and entered into between the Company and VC Brokerage Limited on a best endeavour basis for placing up to 110,000,000 new Shares; and

(x) the Agreement.

10. MISCELLANEOUS

(a) There is no contract or arrangement entered into by any member of the Group subsisting at the date of this circular in which any Director is materially interested and which is significant to the business of the Group;

(b) As at the Latest Practicable Date, neither Lawrence CPA Limited nor any Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2005, the date to which the latest published audited consolidated financial statements of the Group were made up;

(c) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda;

(d) The head office and principal place of business of the Company in Hong Kong is located at Room 3101, 31st Floor, 118 Connaught Road West, Hong Kong;

(e) The secretary of the Company is Ms. Chan Shui Kuen, a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants;

(f) The qualified accountant of the Company is Ms. Ng Jenna Bee Ching, a member of CPA Australia;

(g) The Company's branch share registrar and transfer office in Hong Kong is Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong; and

(h) In the event of any inconsistency, the English language text of this circular and the accompanying form of proxy shall prevail over their respective Chinese language texts.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at the office of the Company at Room 3101, 31st Floor, 118 Connaught Road West, Hong Kong from the date of this circular up to and including 26 March 2007 and at the SGM:

(a) the memorandum of association and bye-laws of the Company;

(b) the annual report of the Company for the two years ended 31 December 2005 and 31 December 2004;

(c) the accountants' report of Huge Value prepared by Lawrence CPA Limited, the text of which is set out in appendix II to this circular;

(d) the letter from Lawrence CPA Limited in respect of the unaudited pro forma financial information of the Group as set out in appendix III to this circular;

(e) the material contracts referred to in the paragraph headed "Material contracts" in this appendix;

(f) the written consent of the expert referred to in the paragraph headed "Expert and consent" in this appendix;

(g) the circular of the Company dated 30 May 2006 in relation to the acquisition of the entire issued share capital of Grand Panorama;

(h) the circular of the Company dated 31 August 2006 in relation to the disposal of equity interests in ChinaCast Communication Holdings Limited and the future disposal of equity interests in Great Wall Acquisition Corporation;

(i) the circular of the Company dated 13 November 2006 in relation to the disposal of 20% of the registered and paid up capital in 北京東師雙威教育技術開發有限公司 (Beijing Dongshi Shuangwei Education Technology Company Limited)#;

(j) the circular of the Company dated 30 January 2007 in relation to the extension of the time for fulfillment of profit guarantees under the sale and purchase agreement and re-election of Directors; and

(k) this circular.

12. DETAILS OF DIRECTORS TO BE RE-ELECTED

As shown below is the details of Mr. Tse and Mr. Lim respectively,

Mr. Tse

Mr. Tse, aged 50, has had over 20 years of experience in the agricultural, cultivation and farming industry. Mr. Tse has held key management positions in several agricultural companies as well as being a technical advisor to various organizations and governmental bureaus such as Hawaiian Agronomic (International) Inc., Thai Trade Commission and Guangdong Agricultural Bureau.

Mr. Tse holds a bachelor degree in Biological Science & Marine Biology from University of California, Berkeley and a Master Degree in Business Administration from University of San Fancisco. Mr. Tse will be responsible for the Group's overall performance and strategic direction.

Mr. Tse is currently also an executive director of Nubrands Group Holdings Limited which is listed on the main board of the Stock Exchange. Other than the present appointment and being an executive director of Nubrands Group Holdings Limited, Mr. Tse had not held any directorship with any other listed companies within the past three years.

Mr. Tse has entered into a service agreement with the Company on 12 February 2007 for a term of three years commencing from 12 February 2007, being the date of appointment, renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term of appointment unless terminated by not less than three months' notice in writing served by either party expiring at the end of the initial term or at any time thereafter.

Pursuant to the same service agreement, Mr. Tse will be entitled to a monthly salary of HK$60,000 per month plus a gratuity payment in each financial year of the Company equal to the amount of the then monthly salary of Mr. Tse subject to such increase as the Board may determine from time to time in its absolute discretion in accordance with his service agreement. Mr. Tse will also be entitled to a management bonus in respect of each financial year of the Company in an amount to be determined by the Board in its absolute discretion subject also to the terms of his service agreement. The emoluments of Mr. Tse were determined with reference to the prevailing market conditions, director's duties and responsibilities, and performance and results of the Group.

Save for the relationship arising from Mr. Tse's position as Chairman of the Company and executive Director, Mr. Tse does not have any relationship with any other Directors, senior management or substantial or controlling shareholders (as defined in the Listing Rules) of the Company. As at the date of this circular, Mr. Tse holds 30 million shares or 3.76% of the Company.

There is no information relating to Mr. Tse that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the Shareholders in relation to Mr. Tse's appointment.

Mr. Lim

Mr. Lim, aged 45, has extensive experience in private equity investment. Mr. Lim has managed several private equity funds covering primarily the ASEAN region since 1991. Prior to that, Mr. Lim has worked in Dowell Schlumberger in the United Kingdom and Arthur Andersen & Co, London. Mr. Lim graduated with a Bachelor's Degree in Economics from the London School of Economics and Political Science in the United Kingdom and he is a qualified chartered accountant from the Institute of Chartered Accountants in England and Wales.

Mr. Lim is appointed by way of letter of appointment with proposed term of service of two years. Mr. Lim's remuneration is governed by the bye-laws of the Company and will be fixed by the shareholders of the Company at its annual general meeting. Mr. Lim is also currently an independent non-executive director of Netelusion Limited and Karin Technology Holdings Limited, both are companies listed on the Singapore Stock Exchange. Other than those directorships and the present appointment, Mr. Lim did not hold any directorship in other listed companies over the last three years. By virtue of being an independent non-executive Director, Mr. Lim will also be appointed to the audit and remuneration committees of the Company.

Save for the relationship arising from Mr. Lim's position as an independent non-executive Director, Mr. Lim does not have any relationship with any other Directors, senior management or substantial or controlling shareholders (as defined in the Listing Rules) of the Company. As at the date of this circular, Mr. Lim does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures (as defined under Part XV of the Securities & Future Ordinance) of the Company.

There is no information relating to Mr. Lim that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the Shareholders in relation to Mr. Lim's appointment.

VENTURE INTERNATIONAL INVESTMENT HOLDINGS LIMITED
(宏昌國際投資控股有限公司)*

(incorporated in Bermuda with limited liability)
(Stock Code: 61)

NOTICE IS HEREBY GIVEN that a special general meeting (the "**Meeting**") of Venture International Investment Holdings Limited (the "**Company**") to be held at Room 3101, 31st Floor, 118 Connaught Road West, Hong Kong on Monday, 26 March 2007 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions with or without amendments as ordinary resolutions:

ORDINARY RESOLUTIONS

1. "**THAT** the sale and purchase agreement dated 12 February 2007 (the "Agreement") entered into between Mr. Lau Siu Hung, Ricky and Technology Venture Investments Limited in relation to the sale and purchase of the entire issue share capital of Huge Value Ltd. (a copy of which is marked "A" and produced to the Meeting and signed by the chairman of the Meeting for identification purpose) be and is hereby ratified, confirmed and approved and the directors of the Company be and are hereby authorized to take such actions as are necessary or expedient to give effect to the transactions contemplated under the Agreement."

2. "**THAT**

    (a) Mr. Tse, Michael Nam be re-elected as Chairman and an executive director of the Company and the board of directors of the Company be authorised to fix his remuneration; and

    (b) Mr. Lim Yew Kong, John be re-elected as an independent non-executive director of the Company and the board of directors of the Company be authorized to fix his remuneration."

3. **"THAT** the authorised share capital of the Company be increased from HK$100,000,000 divided into 1,000,000,000 shares of HK$0.10 each to HK$300,000,000 divided into 3,000,000,000 shares of HK$0.10 each by the

* *for identification purpose only*

creation of an additional 2,000,000,000 shares of HK$0.10 each and that the directors of the Company be and are hereby authorised to do all such acts, deeds and things and shall execute all such documents, including under seal where applicable, as they consider necessary, desirable or expedient to give effect to the increase in the authorised share capital of the Company."

By order of the Board
Venture International Investment Holdings Limited
Tse, Michael Nam
Chairman

Hong Kong, 7 March 2007

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
Room 3101
31st Floor
118 Connaught Road West
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

2. A form of proxy for use at the meeting is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, at the offices of the Company's branch share registrar in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he so wish.

3. In the case of joint holders of shares, any one of such holders may vote at the meeting, either personally or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the meeting personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.